

NEWS: INTERNATIONAL

US rejects EU aircraft subsidy plea

By Bernard Simon
in Toronto

The US yesterday rejected a call by the European Union to reopen a 1992 bilateral agreement that restricts subsidies for makers of large commercial aircraft.

Ms Charlene Barshefsky, US trade representative, said she did not share the EU's view that the pact, which includes ceilings on direct and indirect subsidies and transparency provisions, was "unbalanced".

The subsidies issue was raised at talks between Ms

Barshefsky and Sir Leon Brittan, European trade commissioner. They were in Toronto for a meeting of trade ministers of the informal Quadrilateral group, which also includes Japan and Canada.

The highlight of the Quad meeting was a long-awaited commitment by the US to table a conditional offer in the World Trade Organisation on liberalisation of financial services. All four Quad members agreed to table offers by mid-July.

The financial services talks have gained new momentum in recent months

mainly in Asia and Latin America, to improve earlier offers.

Sir Leon described the outcome of the Quad meeting as a "necessary shot in the arm" to the conclusion of a financial services pact to replace a stop-gap WTO agreement which expires at the end of the year. But he noted that offers by the US and the other Quad members were conditional on "every one else coming up to scratch too".

The EU's proposed review of the aircraft subsidies pact has been prompted partly by allegations of widening indirect subsidies provided by

the US National Aeronautics and Space Administration and the defence department to domestic aircraft makers.

The EU's concern has been heightened by the proposed merger between Boeing and McDonnell Douglas, creating an even more powerful rival to Airbus Industrie, the European aircraft maker.

Ms Barshefsky said however, that "we do not see any link whatsoever" between the Boeing-McDonnell Douglas deal and the subsidies agreement.

The review sought by Brussels would include

replacing outright subsidies with some form of repayable loan, as well as tighter control over the use of government-funded research for commercial purposes.

The Quad ministers also threw their support behind moves within the Organisation for Economic Co-operation and Development to curb bribery.

A meeting of OECD ministers this month is expected to take steps to criminalise foreign commercial bribery, and to outlaw tax deductibility of bribes paid to foreign officials.

INTERNATIONAL NEWS DIGEST

Hanoi heroin trial starts

Vietnam's biggest drug trial opened yesterday in a case that highlights a sharp rise in heroin trafficking across the once-closed communist country. Twenty two people, many of them police officers, face charges of involvement in a major heroin smuggling ring. State-run media say about half could face the death penalty, meted out in Vietnam by firing squad.

The case has also enraged border guards and top officials in the country's secretive interior ministry, including some in its anti-drugs team. Vietnam has become a transhipment point for drugs being moved from the Golden Triangle area of Laos, Burma and Thailand to the west, a development which has alarmed western anti-narcotics agencies.

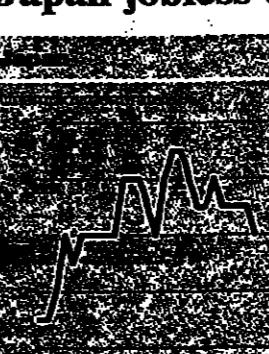
Opium was widely used during French colonial days. However, addiction to heroin and other hard drugs is rising, particularly among young urban Vietnamese starved of recreational facilities. Jeremy Grant, Hanoi

French car sales down 10%

New car registrations in France fell by 10.3 per cent year on year in April, the fourth consecutive month in which figures have fallen below corresponding year-earlier levels. But the latest drop was smaller than those clocked up in the first three months of the year, raising hopes car sales may be recovering gradually after collapsing when a government incentive scheme was terminated last year.

The cumulative decline from the first four months of 1996 was 22.5 per cent to 571,228 units. The share of French marques slid to 54.4 per cent from 55.2 per cent in April 1996. David Owen, Paris

Japan jobless at postwar high



The average monthly rate of unemployment in Japan rose to its highest level since the end of second world war in the 1986/7 fiscal year, highlighting the structural pressures that have emerged in the economy since the last recession. The number of people out of work rose from 3.2 per cent to 3.5 per cent on average in the year to March 1997 - in spite of the fact that overall growth in the economy surged to 2.5 per cent last year. The increase still leaves the rate very low compared to other industrial countries. But the rise has dismayed the government and illustrates the pressures that Japan is facing as it moves from a high-growth period to a more mature economy.

The government is forecasting a jobless rate of 3.8 per cent in fiscal 1997 - suggesting there is little likelihood of a rapid return to the extremely low levels of unemployment of the past. Gillian Tett, Tokyo

German states miss targets

Germany's federal states exceeded their budget deficit targets for 1996 but the Bonn finance ministry left unchanged at 3.8 per cent of gross domestic product its figure for last year's total public deficit as defined by the Maastricht Treaty.

The ministry said the 16 states' deficit totalled a provisional DM47.3bn (\$27.5bn) last year, up from a planned shortfall of DM39.4bn and the DM46.6bn announced for 1995. Mr Hansgeorg Hauser, a junior finance minister, blamed the widening gap on a sharp fall in tax revenues that more than offset lower-than-budgeted spending.

Further spending cuts were needed following widespread emergency budgets and spending freezes last year, he warned. Berlin's financial position deteriorated sharply. The city state's 1996 deficit of DM11.1bn was DM5.3bn over budget, largely because of a failure to implement planned asset sales. Peter Norman, Bonn

The east German economy is threatened with stagnation and higher unemployment this year, the federation of German chambers of industry and commerce (DIHT) warned yesterday. It said economic recovery in the east remained fragile and the region needed considerably more time before it equalled western Germany. Subsidies to the region would need to be maintained, though these needed to be focused on investment rather than consumption.

Manufacturing orders however were rising and the DIHT identified the sector as the leading light of the economy in the region. Frederick Stüdemann, Berlin

Australian jailed for fraud

Mr Peter Mitchell, 56, former director of Bond Corporation, was yesterday jailed for four years by a western Australian court for his part in the Asilm (\$US770m) Bell Resources fraud, said to be the biggest corporate fraud in Australian history. Bond Corporation is the company formed by Mr Alan Bond, the one-time Perth-based tycoon who was one of Australia's most prominent businessmen in the 1980s, before crashing into bankruptcy in the 1990s. Mr Bond is already serving a jail sentence over the Bell Resources affair.

Mr Mitchell, who had been living in the US, will be eligible for parole after 16 months. He had pleaded guilty to misusing his position as a company director and in return the prosecution had dropped a more serious charge of conspiracy to defraud. Nikki Tait, Sydney

French Socialists in jobs plan

The French Socialists yesterday promised to pay for their ambitious plan to give work to 700,000 young unemployed by drastically simplifying the country's existing job schemes and without raising public spending.

The pledge was one of several refinements to existing policy contained in the party's campaign platform presented yesterday by Mr Lionel Jospin, the Socialist leader. Others included a commitment to raise the rate of existing wealth tax which around 1,000 of France's super-rich pay on their assets as well as their income, and a moratorium on new nuclear reactors.

Meanwhile, left and right in the French campaign sought to capitalise on Labour's landslide victory in the UK. Mr Jospin reminded voters the Conservatives were the ideological friends of President Jacques Chirac and the prime minister, Mr Alain Juppé, while Mr Juppé repeated his claim Labour had won because it had "renounced socialism". David Braham, Paris

Capital rules irk German bankers

By Peter Norman in Bonn

The German finance ministry is prepared to review bankers' complaints that they face higher costs because of changes in the way supervisors are applying accounting rules relating to bank takeovers.

The finance committee of the Bundestag, the German lower house of parliament, has urged the government to resolve the dispute between the Berlin-based federal office for bank supervision and private sector banks.

The argument hinges on whether the banks should draw on expensive core capital or what bankers say is a traditional mixture of core capital and less costly subordinate capital when accounting for acquisitions. Banks such as Deutsche Bank and Dresdner Bank, which have acquired London-based investment banks in recent years, could face added charges of tens of millions of D-Marks if they have to cover the cost of purchases with core capital alone.

The finance ministry said yesterday it was sure the supervisors' practice of requiring banks to cover the difference between the book value of an acquisition and its purchasing price from core capital was correct and unchanged from before. But, following the committee's request, the ministry would look again at procedures in consultation with banks and supervisors.

The complex dispute came into the open this week when German bankers accused the Bonn government of putting them under various forms of pressure to drop a competition case in Brussels, including changes in the way bank supervisors allowed them to account for buying other banks.

In a case that has irritated Bonn and German state governments, the association of German private sector banks, representing institutions such as Deutsche Bank, has asked the European Commission to rule on whether Germany's publicly owned banks have enjoyed an unfair competitive advantage through access in the early 1990s to low-cost capital in the form of housing funds.



Growing up in Berlin: familiar scenes as young Autonomes clash with police and burn a building site office on May Day

Berlin rioters go by the book

Frederick Stüdemann finds a certain order among Germany's youthful anarchists

In Germany even anarchy is predictable.

For two nights - Wednesday and Thursday - police in Berlin fought street battles with thousands of Autonomes, the wilder elements of the city's youth. Water cannon and tear gas were deployed, as were five thousand officers - many of them in heavy-duty riot gear. A handful of people were seriously injured and more than 300 arrested; five cars were burned out.

Such scenes make dramatic TV viewing, and might even suggest grave popular tension and the imminent shredding of the social fabric. To Berliners, however, they are just part of the urban calendar.

To the detached observer the riots have a certain order about them. As if working from an agreed

script the original rally degenerates as each side taunts the other stones or bottles are thrown, prompting snatching squads, for grabbing troublemakers, and water cannon to draw up. This in turn prompts the Autonomes ("the autonomous ones") to retreat, only to start afresh.

Berlin - or its western part, at least - has experienced such scenes ever since the student protests of the late 1960s, which accustomed citizens to the idea of seeing streets and boulevards turned into vistas of broken glass on a pretty regular basis.

Thirty years ago it was the Vietnam war and youthful frustration with a conservative establishment which motivated the protesters. Later it was housing. By the late 1980s, however, no one

seemed to be sure what it was about any more.

Ostensibly the May 1 demonstrations were about the usual issues - the evils of fascism, capitalism, social injustice, unemployment, the exploitation of women and the developing world. In reality, however, such lofty ideals were cast aside in favour of a lively game of cat-and-mouse with the police, with predictable consequences.

The high-water mark came 10 years ago. Then, Kreuzberg - a district in west Berlin shovelled up against the Wall which divided the city at the time - was briefly a lawless zone as police lost control of the streets to Autonomes.

Once Kreuzberg, for decades a cosy run-down haven for drop-outs and West German draft dodgers, was the undisputed centre of the "Szene". Since the fall of

the Wall it has increasingly lost out to Prenzlauer Berg in the east where the pioneering spirit prevails and rents are cheaper. This densely populated area, which under communism was home to many of East Germany's dissidents, has in recent years made all the running on May 1.

But just as many of the original Autonomes have settled down, so the annual bout of civil disturbance they sparked off has changed in character.

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heroin starts

opened yesterday in a country. Twenty million people have been arrested since 1986. Some 100,000 have been killed. The US has imposed a ban on imports of heroin from Mexico and other countries, and has imposed a ban on exports of heroin from Mexico and other countries.

sales down 10%

The average number of sales per month has risen to 10% per month. The world's largest producer of heroin has increased its production by 10% per month. The world's largest producer of heroin has increased its production by 10% per month.

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rebel step up advance on Kinshasa

US jobless rate down to lowest level for 23 years

By Nancy Dunn and Patti Waldmeir in Washington

A thriving job market last month drove the US unemployment rate down to its lowest level in 23 years, a further sign of strong economic growth which will boost government revenues and ease the task of balancing the federal budget.

News that the jobless rate had fallen to 4.9 per cent from 5.2 per cent in March came as White House and congressional negotiators were locked in nail-biting talks to finalise a deal to eliminate the budget deficit by 2002. Both sides were yesterday making preparations to announce a deal.

President Bill Clinton sent top aides to Capitol Hill to resolve remaining differences over taxes and spending, after the president complained that the outline deal agreed on Thursday would "explode" the budget deficit after 2002 because of backloaded tax cuts.

The outline assumes tax cuts of \$155bn up to 2002, accelerating to

\$300bn in the following five years. The two sides were also disputing the degree of control Congress would have over specifying tax cuts - a political issue which could determine which side is able to claim credit for the cuts.

The \$85bn in net tax cuts is expected to include reductions in the capital gains and estate taxes and a \$300 child tax credit.

Most of the deficit reduction would come from \$115bn in reduced spending on Medicare health care for the elderly, from lower cost of living adjustments for social security pensions, from higher tax receipts due to an adjustment in the consumer price index and, crucially, from the fiscal benefits of a strong economy.

But even when agreement is announced between party leaders, it will only mark the beginning of a legislative battle which could last throughout the summer. "The devil is in the detail," Mr Robert Reichsauer, a budget analyst at the Brookings Institution, said yesterday.

Leaders will have to persuade the left of the Democratic party, and the right of the Republican party, to support a deal. It is believed there was unlikely to be sufficient opposition in Congress to stop it in the end.

Republicans are keen to reap the political benefits of achieving something in Washington, after months of gridlock, and Democrats are keen to do nothing to sabotage the strong economic growth which delivered the presidency to them in the last election.

Vice-President Al Gore, likely to tender for the presidential nomination in 2000, "needs the budget issue to go away," says Mr Reichsauer.

Yesterday's report from the US Labour Department, announced in the midst of the budget haggling, contained almost no bad news for the economy. Although employment growth - 142,000 - was well below expectations, job creation in the construction industry was depressed by bad weather. Manufacturing employment dropped by 14,000.

Zaire rebels step up advance on Kinshasa

By Michael Wrong in Kinshasa

Zairean rebels yesterday stepped up their advance on Kinshasa, leaving President Mobutu Sese Seko with less and less room for manoeuvre at his first direct peace talks with the rebel leader, Mr Laurent Kabila.

As the meeting aboard a South African warship was delayed by the cancer-stricken president's failing health, the Alliance of Democratic Forces for the Liberation of Congo (AFDL) ferried troops and artillery to Kikwit, 400km east of the capital, in preparation for a final push.

Witnesses reported seeing hundreds of charting rebels boarding Boeing 737s, 727s and smaller aircraft at the airport in the occupied southern city of Lubumbashi. An AFDL commander said the rebels were poised to enter Kenge, a town just 200km from Kinshasa which has been abandoned over the past few days by the elite Zairean troops sent to stage a last defence.

Advised by his doctors not to travel by helicopter.

The humiliating option of winching him aboard was briefly considered before a make-shift ramp was built and a smiling Mr Mobutu was driven aboard in his bullet-proof limousine, five hours behind schedule.

Mr Kabila, currently in the Angolan capital of Luanda, was due to join the ship later; it would then steam out to international waters, a symbolically neutral location for negotiations.

Diplomats have warned that an open clash at these last-ditch talks could have disastrous consequences on the increasingly tense capital, where fleeing soldiers returning from the front are hijacking cars and robbing residents.

Anxious to avoid that outcome, South Africa was keeping an armlock on the protagonists yesterday. President Nelson Mandela flew to Pointe Noire to ensure Mr Mobutu boarded and Mr Thabo Mbeki, the vice-president, was sent to Luanda to accompany Mr Kabila.

Row over iron ore company sell-off

By Geoff Dyer in Rio de Janeiro

A war of words has broken out between Brazil's executive branch of government and the judiciary over the delay of the auction of shares in Companhia Vale do Rio Doce (CVRD), the first part of Latin America's biggest privatisation.

Members of the government claim that judges have become unwitting participants in a political campaign by the opposition to derail the privatisation, which had been expected to raise more than \$5bn.

The government had planned to sell a 40-45 per cent stake of voting shares in the company, the world's biggest iron ore producer, at an auction scheduled for last Tuesday. However, because of a barrage of legal challenges against the sale, it has been postponed until Monday at the earliest.

Mr Luiz Carlos Mendonça de Barros, president of the National Development Bank, which is organising the sale, described the situation as "legal chaos". He said: "If a first-level judge is able to paralyse a decision taken by the executive and approved by the legislature, it is a complete inversion of the pyramid."

Brazilian judges have criticised the government for trying to use strong-arm tactics.

Mr Jorge Scartezini, president of the Regional Federal Tribunal in São Paulo, who rejected a government appeal against one of the injunctions suspending the auction, said: "It is necessary to respect legal procedures."

Brazil's judiciary jealously guards its independence, which it claims allowed it to maintain some of the civil liberties that were threatened under the military dictatorship which ended in 1985.

Government lawyers said a record 120 legal challenges had been lodged against the sale. Judges awarded 22 injunctions, three of which are still outstanding.

The government has asked one of the country's highest courts, the Supreme Tribunal of Justice (STJ), to overturn the injunctions. Mr Demócrata Reinaldo, an STJ judge, said he would not announce a decision until at least Monday.

If he rejects the case the government will have to wait until May 8 for its next chance to appeal against the São Paulo injunction.

Two consortia have qualified to bid for CVRD, one led by Companhia Siderúrgica Nacional, a Brazilian steel maker, the other by Anglo American of South Africa and Grupo Votorantim, a Brazilian conglomerate.

Canada tries to defeat computer brain drain

By Scott Morrison in Vancouver

Imaginix Communications, a small Canadian network engineering company has been forced to raise employee salaries by an average 30 per cent in the past year to fend off recruiting raids by large software companies.

Miss Karen Kostaszek, Imaginix's president, says US companies have offered some of her employees pay packages of up to \$200,000 to lure them south of the border.

"It's really hard for us to meet those salaries," she says, adding that Imaginix competes by providing generous benefits, a share ownership programme and continual professional development courses.

Imaginix is just one of hundreds of small Canadian software producers struggling to hang on to programmers and designers at a time when there is a shortage of skilled personnel. The programmer shortage in Canada has been exacerbated by US companies such as Microsoft, which flock to university campuses offering generous wages to graduating students.

"Some of the brightest ones take the money and run [to the US]. It's very difficult to woo back someone who has already left," says

try leaders say they will probably lobby for permanent regulatory changes.

"The lack of these [specified] skills has been proven one thousand times and we're wasting valuable time and money on this process," says Mr Gaylen Duncan, president of the Information Technologies Association of Canada.

But many believe immigration is simply a stop-gap solution.

Insiders agree they must work with the government to introduce children to computers at an earlier age and improve computing courses in public schools.

The medium-term outlook remains bleak for the industry, which in 1995 generated C\$65bn (US\$46.4bn) in revenues, or 7 per cent of Canada's GDP. Demand for software programmers and designers is expected to increase and wages go up as more resources are directed toward resolving the so-called "millennium bomb" problem. Computers calculate dates using the last two figures of the year. But in 2000, many computers will think it is 1900, posing a slew of technical challenges.

Mr Duncan expects demand for programmers addressing the problem will surge as the new millennium approaches and salaries could soar by as much as 150 per cent.

THE ALL ENGLAND LAWN TENNIS GROUND plc ("Company")

£2,900 nominal debentures 1996/2000 Series ("Centre Court Debentures")

Set out below are the prices and dates of the three most recent transactions in the Centre Court Debentures, as notified to the Company. The amount of £19,225 has been paid up on the No. 1 Court Debenture.

£25,750 (09/04/97); £25,500 (09/04/97); £25,750 (08/04/97)

£500 nominal debentures 1997/2001 Series ("No. 1 Court Debentures")

Set out below are the prices and dates of the three most recent transactions in the No. 1 Court Debentures, as notified to the Company. The amount of £19,225 has been paid up on the No. 1 Court Debenture.

£15,250 (09/04/97); £14,750 (03/03/97); £16,250 (21/02/97)

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3 May 1997

INTERNATIONAL PROPERTY

Manhattan 5th Ave Trump Tower BREATHTAKING HIGH FLOOR GRACIOSA LIVING TRIPLE EXPOSURE CENTRAL PARK, 5TH AVE AND CITY SKYLINE VIEWS. OVERSIZED L/R, FORMAL DR (CONVERTIBLE TO 3RD B/R) 2 B/R'S, 2.5 MARBLE BATHS OFFERED AT \$4,425,000 (UNFURNISHED) CALL GEORGE BOOKS 1-914-385-0170 (USA) LICENSED N.Y. REAL ESTATE BROKER

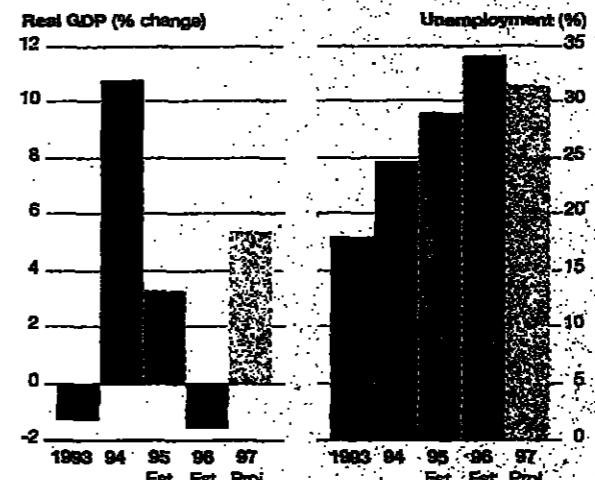
Poor pickings in Gaza for Palestinian entrepreneurs

Monopolies are stifling small businesses, writes Judy Dempsey

Economy snapshot: West Bank and Gaza



Real GDP (% change)



Source: Palestinian and Israeli authorities, IMF estimates

are the ones who pass the high prices on to the consumer. No one knows what happens to the taxes they are meant to pay to the PA.

No wonder some Palestinians returnees are leaving. There is no proper legislation.

The International Monetary Fund, however, in its recent report on economic developments in the West Bank and Gaza, said: "The PA has undertaken to dismantle import monopolies (notably on petroleum products, cement, tobacco and some electronic products) by the end of 1998, which currently represent the major structural distortion in the economy."

Mr Ghazi will believe that when it happens. "In the meantime, I pay the agency Shk15.50 for a 50kg bag of cement and sell it to the consumer for Shk16. If I could, I would buy it and sell it for at least 10 per cent less. But I can't. It's a great pity."

Société Générale de Belgique

Société anonyme

Incorporated in Brussels by Royal Decree dated 28th August 1822

Registered Office: 30 rue Royale, 1000 Brussels

Trade Register Number: Brussels 17487

The Board of Directors is pleased to invite shareholders to assemble at the Company's registered office, rue Royale 30, Brussels on Wednesday 21st May 1997 at 10.30 am, for the Ordinary General Meeting, in accordance with the terms of Article 22 of the Memorandum and Articles of Association, to vote on the following agenda:

AGENDA

1. Board of Directors' report and Auditors' report on the financial statements and the duality of interest.
2. Adoption of the audited financial statements and the annual accounts.
3. Approval of the distribution of the annual accounts as at 31st December 1996, including the distribution of a net profit of BEF 1,000,000, which will be amounted up to BEF 1,000,000, and the presentation of the corresponding financial statement with the ordinary coupon.
4. Disposition of the members of the Board of Directors and the Auditor.
5. Elections according to Article 23 of the Memorandum and Articles of Association.
6. Approval of the financial company.

Proposed increase in the capital by the acquisition on the stock exchange of 2,100,000 shares at a unitary price of BEF 1,800 and the cancellation of 3,300 shares during a period of six months starting from the date of the General Meeting.

In order to attend this meeting shareholders should deposit the sum of BEF 1,800 in accordance with Article 19 of the Memorandum and Articles of Association, deposit their shares at the Company's registered office by Tuesday 13th May 1997 at the latest, or at one of the following banks:

| In Belgium: | In France: | In Luxembourg: | In Switzerland: | In Germany: |
|-----------------|-----------------|-------------------------------|----------------------------|--------------------|
| General Bank | Banque Indosuez | Banque Générale du Luxembourg | Credit Suisse First Boston | Deutsche Bank |
| Banque Indosuez | | | Société de Banque Suisse | Generale Bank & Co |
| | | | Union de Banques Suisses | |
| | | | Swiss Bank | |

Without prejudice to the terms of Article 74, 52, para 2 and 53 of the co-ordinated laws on commercial companies, shareholders who wish to be represented should use the form of proxy which is available on request. All proxies should reach the Company's registered office as soon as possible and by Friday 16th May 1997 at the very latest, which date was laid down by the Board of Directors in accordance with the terms of Article 30 of the Memorandum and Articles of Association.

Brussels, 26th April 1997

Ph. LIOTIER
Chief Executive Manager
E. DAVIGNON
Chairman

Devolution set to dominate early days

By Nicholas Timmins, Political Policy Editor

Devolution of government in Scotland and Wales - and ratification of a Belfast peace treaty at the European Union's summit next month - dominate the Conservative first parliamentary session.

The elimination of the Conservatives in Scotland and Wales leaves an English party which will have had a mandate to oppose Labour's devolutionary plans.

The prospect of an early election will complicate negotiations over the UK's role in the European Convention of Human Rights. A law - a measure which could be carried by the Lords - will end the UK's membership of the European Convention of Human Rights. The bill will now feature early in Labour's programme.

But the devolutionists will need time to announce details of its legislative programme on May 15.

When the coalition executive meets on Monday, it is expected to take decisions on its economic legislation and to be decided.

A decision to allow a vote of no confidence in the government will be required to force a general election.

Employers taking on workers unemployed for more than two years will receive a £75 weekly tax rebate, while those employing jobless people aged under 25 will receive £60 a week for six months.

Mr Brown has promised to put in place a mini-Budget within two months.

The package will be dominated by a windfall levy of £2bn (£4.5bn) to £5bn on the "excess profits" of privatised utilities, which will pay for "welfare-to-work" measures aimed at cutting long-term unemployment and getting 250,000 young people into jobs.

Nonetheless, Mr Brown expects political considerations to rule out a significant fiscal tightening so soon after the election.

"The burden of policy tightening this year will, therefore, continue to rest with monetary policy," he said.

Mr Brown has promised not to raise income tax rates or to extend VAT to items such as food and children's clothes.

But he still has several options to raise revenue should he choose to do so.

Mr Brown has described the measures to be financed by the windfall tax as the first building block of a new welfare state.

Economists at Goldman Sachs say Labour could raise at least £5bn - col-

Months of meetings with bankers and brokers have yielded dividends to the party

Labour landslide fails to alarm City

By George Graham, Banking Correspondent

Months of breakfasting and lunching with bankers and brokers paid off for the Labour party yesterday as the City of London greeted the party's sweeping election victory without alarm.

"It is a non-event from a financial market point of view, and that is a tremendous tribute to Peter Mandelson [Labour's campaign manager], Alastair Darling [party spokesman on City affairs] and the rest of the Labour team, because they have put a lot of effort into making it a non-event," said one leading London fund manager.

"I am not claiming that the stock market is particularly bright, but I think most of us had managed to work out that it was going to be a Labour victory," said another institutional investor.

After reassuring the City about its economic policies, the Labour party has also removed fears about some of its policies which could have affected the financial sector.

One proposal was for legislation to require any takeover bid to demonstrate that it was in the public interest before it could proceed.

That could have had a chilling effect on mergers-and-acquisitions business in the UK, especially if the public interest test had included stipulations on limiting job losses.

Mr Alastair Ross Goobey, chief executive of Hermes Pensions Management, has warned that the removal of ACT would sharply reduce the gross yield on equities and leave some schemes underfunded.

Gartmore, the investment management arm of National Westminster Bank, says it could as a result lead to a drop of 10 per cent to 15 per cent in the equity market.

But other fund managers say

much of that impact may already be implicit in stock market prices.

They note that institutions such as Bank of Scotland rushed to issue new preference shares, where the ACT effect also applies, before the election.

But the City is waiting for clear

signals from the new government about its attitude to European monetary union.

The London Investment Banking Association yesterday issued a progress report on preparations for Emu. The report warns that unless the government acts quickly to convince business that the option of adopting the euro remains open, most businesses will start planning on the assumption that it has been ruled out indefinitely.

"It won't be a great surprise if the UK doesn't join in the first wave in 1999, but there is a great interest in knowing whether this is a temporary delay or a long term rejection," said Mr Kit Farrow, Libra's director general.

Shake-up of takeover body likely

By David Wighton, Political Correspondent

The Takeover Panel is unlikely to survive in its present form under Labour plans for the reform of regulation in the City of London, senior party figures have warned.

Labour wants to move the City away from self-regulation towards a statutory system and the non-statutory Takeover Panel, which oversees the conduct of takeover bids, is seen as an anomaly.

"The Takeover Panel needs to be put on a statutory basis like other City regulatory bodies will be," said a Labour frontbencher.

The threat will be fiercely resisted by the panel which is widely judged to work well.

Supporters fear that putting the panel on a statutory footing would lead to litigation over the conduct of bids, slowing down the process and increasing costs.

"Bids would get clogged up in the courts just like in the US, and London would lose an important competitive advantage," said one investment banker.

Labour has made no public comments on reform of the panel, and panel officials have been given no hint of plans to change its non-statutory basis.

Although Labour is unlikely to move quickly, one frontbencher said: "It would make no sense to leave the Takeover Panel as a self-regulatory body." He dismissed the panel's arguments against proposals from Brussels to introduce a legal framework for takeover regulation.

Mr Alistair Defreuz, the director-general of the panel, who is on secondment from SBC Warburg, the investment bank, has been fighting a rearguard action against a proposed European Commission directive which would require voluntary takeover codes to be given statutory backing.

The panel's efforts, which

are supported by Germany, Holland and Sweden, have been backed by the Conservative government, but Labour ministers may prove less sympathetic.

Labour's central proposal for City regulation is to merge the existing financial services self-regulatory organisations, such as the Securities and Futures Authority, into the Securities and Investments Board.

The SIB would evolve into a statutory regulator answerable to the Treasury, although with close involvement of practitioners.

Labour plans to strengthen the powers under the Financial Services Act for dealing with the victims of pensions mis-selling. It has also proposed bringing mortgages within the scope of the legislation.

But Mr Mike O'Brien, Labour's spokesman on City regulation, has signalled increasing caution over Labour's other main proposal to remove banking supervision from the Bank of England and combine it with securities regulation.

Following the collapse of the Barings merchant bank in 1995, Mr Gordon Brown came close to pledging that responsibility would be shifted to a new banking commission. But the Bank of England has opposed the move and Mr O'Brien has praised the reforms introduced by the Bank following the Barings affair.

While stressing Labour's resolve to tighten up City regulation, Mr O'Brien has also talked about removing unnecessary red tape. In particular, he has proposed a lighter regulatory regime for selling life and savings policies to people on low incomes.

But Labour's most immediate problem will be to find a successor to Sir Andrew Large as SIB chairman. In January, Sir Andrew announced his surprise decision not to seek reappointment after his first term expired at the end of May.

Early mini-Budget to launch windfall tax

By Richard Adams and Robert Chote

Mr Gordon Brown, the new chancellor of the exchequer, promised yesterday that he would "move very quickly" to put in place a mini-Budget within two months.

The package will be dominated by a windfall levy of £2bn (£4.5bn) to £5bn on the "excess profits" of privatised utilities, which will pay for "welfare-to-work" measures aimed at cutting long-term unemployment and getting 250,000 young people into jobs.

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Economists at Goldman Sachs say Labour could raise at least £5bn - col-

lecting in two instalments in 1997-98 and 1998-99 - with about £1bn spent annually on training and employment schemes for the young and long-term unemployed during the period.

Employers taking on workers unemployed for more than two years will receive a £75 weekly tax rebate, while those employing jobless people aged under 25 will receive £60 a week for six months.

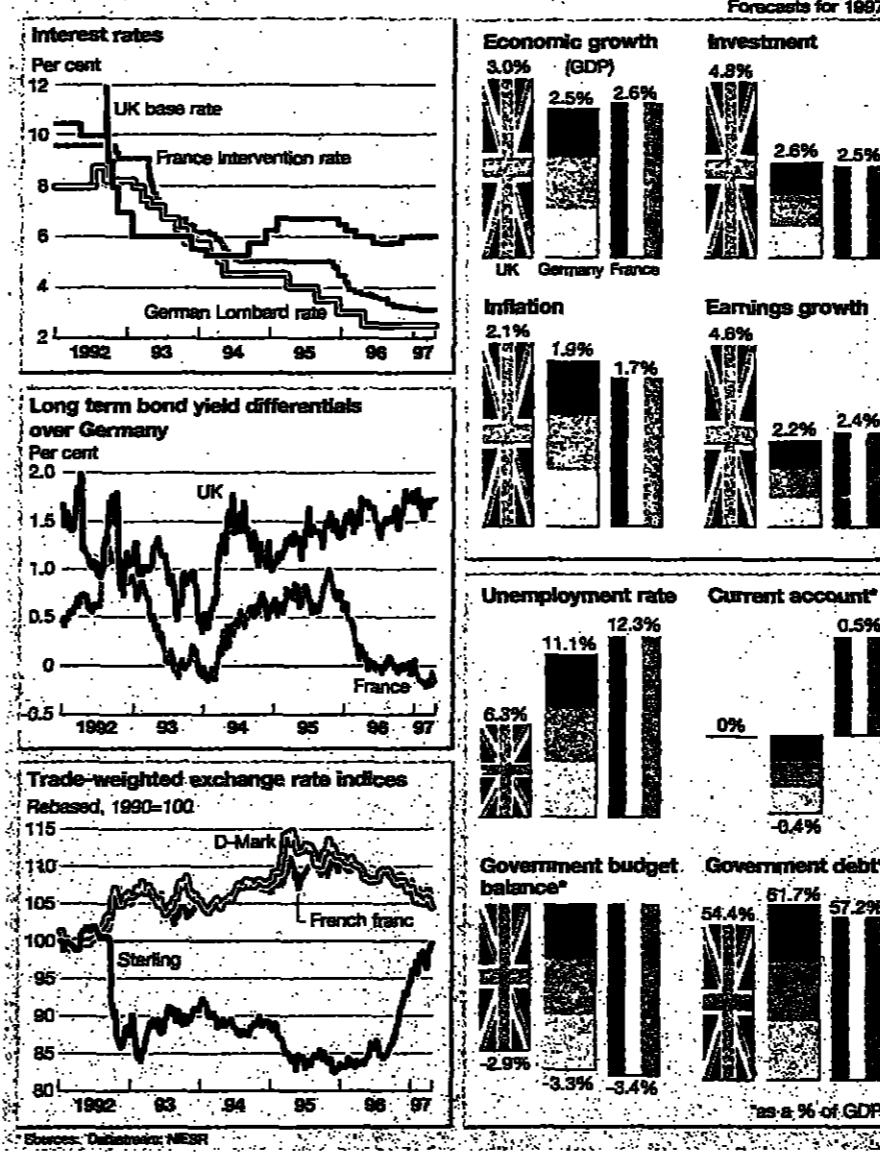
Mr Brown hopes such measures will become self-financing through increased tax revenues and reduced benefit payments.

With the windfall tax, "welfare-to-work" and the VAT reduction flagged in advance, the nation already knows much about the shape of the mini-Budget.

But Labour's commitment to observe Conservative spending plans suggests to many analysts that taxes will rise.

Mr Brown warned in January that he would not make "blanket commitments on each and every one of more than 200 tax exemptions, reliefs and allowances before we know all the circumstances we will face, including the true state of the public finances".

The new government's economic inheritance



COMMENT & ANALYSIS

ELECTION 1997

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 0171-873 3000 Telex: 922186 Fax: 0171-407 5700

If Baroness Thatcher had buried £1 in the garden of No 10 Downing Street when she became prime minister on May 3, 1979, it would have been worth just 35p when Mr Tony Blair arrived yesterday to dig it up after Labour's victory.

Defeat of inflation was the first priority of the Thatcher government. Eighteen years later, her successor, Mr John Major, said that controlling prices had been his most important achievement.

The voters were not impressed. But the legacy of Thatcherism has been profound. It changed the terms of economic debate so radically that Mr Blair freely acknowledges its achievement. And his victory was partly based on the strategy of adopting targets and policies developed by the Conservatives in government. The remarkable depth of this transformation was shown yesterday by the market reaction to the Labour landslide.

UK gilts and equities rose, and sterling showed the merest wobble.

While French socialists still think shorter working hours will cut unemployment, the link between jobs and flexible labour markets is accepted across a wide spectrum of British politics. It was not always so. Soon after her accession, Baroness Thatcher was lecturing her opponents: "Pennies do not come from heaven. They have to be earned here on earth." Preaching was not enough, however. It took a bruising battle with the civil service unions and, more famously, with the miners to force the message home.

Those who cheered Mr Blair into Downing Street yesterday may have forgotten, or never known, the chilling sense during

the late 1970s that Britain had become ungovernable. Unions seemed able to defy the law with thuggish insolence. Pay increases surged repeatedly against official barriers which leaked and creaked and then inevitably were breached.

Sterling had been humiliated in

the currency markets and the government had been forced to hand the nation's financial

management over to its banker,

the International Monetary Fund.

After a steady relative

economic decline and the

depressing cycles of inflation

and devaluation, Britain was

losing the respect of other

industrialised nations. Worst of

all, it was losing heart.

If this now seems like a tale

from a distant land, that is

another measure of the

Conservatives' achievement. When Baroness Thatcher rode in triumph into Downing Street she was, like Tony Blair, young, determined and relatively untried. She was much less dogmatic than the fiery utterances of later years might suggest. The progression from her general desire in 1979 to roll back the frontiers of the state to the huge privatisation programme of the mid 1980s started slowly and even tentatively.

However once started, it gathered a momentum

undreamed of even by most

Tories. The market value of all

the privatised assets now

exceeds £100bn. But

Conservatives' achievement was

less the scale of the sell-off than

their success in convincing even

these defects have been

remedied. And those which are

left should not obscure the fact

that this was a huge

achievement carried through

against fierce opposition.

Privatisation, the curbing of

union power and a series of

deregulation measures, starting

with the abolition of exchange

controls, have changed Britain

into a much nimbler market

economy. Staunch Tories might

want to add the reduction of the

top rate of tax on earned income from 33 per cent to 40 per cent (a cut which Mr Blair now agrees was right). What Baroness Thatcher started with revolutionary fervour, Mr Major has consolidated with dogged persuasiveness. If he did not win over the electorate this week, he certainly seems to have convinced the opposition.

It is still too early to be sure how much this shift has been reflected in an improvement in the UK's long-term growth potential. However, the continuing fall in unemployment is a pointer to the soundness of the Blair inheritance.

In terms of public finances and inflation prospects, the legacy is less happy. Inflation running at an annual rate of 2.6 per cent is much less than the average of

nearly 6 per cent for the whole Conservative period, but it is above the official target and high by international standards. Public borrowing is also too high and will present an immediate challenge to the Blair government. Nor did the Conservatives succeed in reducing public expenditure much below the 42 per cent of GDP in 1979.

Apart from their bitter divisions over Europe, inflation was their nemesis. The "miracle" of the mid 1980s ended in inflation and then recession, with unemployment reaching 3m. The Conservatives' unpopularity never fully recovered, particularly after the humiliating failure to keep the pound anchored to the anti-inflationary discipline of the European Exchange Rate Mechanism. But this is now a past era. Mr Blair starts with an economy in good running order and, so far, a clean licence.

From the lofty heights of achievement

The new prime minister is in a commanding position, says Philip Stephens

You could breathe the elation in Downing Street. As Tony Blair contemplated his awesome victory, a dozen emotions must have jostled for his consciousness. Yet he spoke with seriousness and sobriety. In the few short hours between victory and his arrival at the threshold of No 10, Mr Blair had said it a dozen times: "We were elected as New Labour. We will govern as New Labour." He will.

An hour or so earlier John Major had acknowledged the inevitability of his departure not just as prime minister but as leader of his devastated party. With middle-English stoicism, he went to watch the cricket. But it was middle England that turned him out of office.

For the new prime minister, Disraeli's One Nation epithet is no idle daydream. He sees no contradiction between prosperity and social cohesion, no refutation of opportunity for the less fortunate in rewards for enterprise.

We should not expect glitz in the first 100 days. Instead Mr Blair's intent is to demonstrate steadiness and competence. He will take his time. Neither, though, should we be misled by the initial caution. In winning by such an extraordinary margin, Mr Blair has all but assured himself of two terms in government. There is no need for haste.

It is tempting at such moments to strike a contrarian pose, to enumerate the inevitable perils and pitfalls which lie ahead. They are readily listed, ranging from the trivial to the momentous, from the creation of an effective cabinet to the necessary deflation of the extravagant hopes of an expectant nation.

Mr Blair's inner cabinet had spoken for itself. There would always be places at the top table for Gordon Brown, Robin Cook, John Prescott, David Blunkett, Jack Straw, Margaret Beckett and Lord Irvine. The other choices will be more difficult: his erstwhile shadow cabinet is raw in its inexperience, less than a celebration of talent. When he completes his appointments today, Mr Blair will not stick to the rules which say his entire shadow team must be given a place. But neither will there be a bloodbath of the older guard.

Then there is the nation. Mr Blair promised little during the election campaign. That is why

the voters judged it safe to take such brutal revenge on the Conservatives. But human nature lives in hope. There will, at some stage, be great disappointment when it is understood there are no magic wands to wave over the health and education services, no instant fixes for an economy which looks better than it is. Doubtless too we can expect any number of learned dissertations on the problems of governing with such a large majority.

But there will be time enough for such churlishness. We can look to the hard detail of his dilemmas in weeks and months to come. This is the moment to consider the opportunities presented by Mr Blair's achievement. In policy towards Europe, the nation's political fabric and the welfare state, the prime minister has the latitude to deliver the radicalism he has promised.

Never mind that the election was first and foremost a defeat for the Conservatives. Herbert Asquith in 1906 and Clement Attlee in 1945 were both to sweep to office on an anti-Tory tide. That fact proved no inhibition to their bold ambition.

Consider next Mr Blair's commitment to political pluralism. Here the election result gives him a unique mandate. In Scotland and Wales, the Conservatives have been obliterated. More importantly, Mr Blair has won a comfortable majority of English seats. A Scottish parliament and a Welsh assembly can no longer be presented by his opponents as a sop to New Labour's Celtic fringe at England's expense.

If he is serious about wider political reform, the prime minister will welcome the advance of Paddy Ashdown's Liberal Democrats. His majority leaves him free to make his own decisions, but co-operation offers a route to broad public consent for dismantling the centralised state.

In addition, it may not be long before Scottish Conservatives reach the obvious conclusion that their best hope of resurrection lies in an Edinburgh parliament. As for the House of Lords, it cannot pretend it has the right to disrupt the passage of legislation so decisively endorsed by the people. We must hope Mr Blair means what he says when he speaks of a new style of politics.

The outcome in Ulster, which saw the election of Gerry Adams and Martin McGuinness of Sinn Féin/IRA, is less comforting. In its deeds in recent weeks, the

Republican movement has shown it views politics merely as an adjunct to violence. There is no prospect of its immediate entry into the political process.

But even here Mr Blair has a special authority. He can exclude Sinn Féin from multi-party talks in the province for as long as they prosecute their terror. But, if at any stage Messrs Adams and McGuinness were to demonstrate an unequivocal commitment to peace, the prime minister would not live, as had Mr Major, in the shadow of Northern Ireland's unionists.

Then there is the economy. Here Mr Blair is at his most constrained. The advice from the Treasury will be for an immediate rise in interest rates and, most probably, some tightening of fiscal policy in the Budget planned by Mr Brown for June or July. There will also be early battles to be fought in cabinet over the public spending totals.

So far all the new chancellor has told of this Budget is that it will have the windfall tax on privatised utilities and a parallel welfare-to-work programme for the young unemployed. I suspect he would like to be more ambitious, at least in setting the direction of future tax and welfare reform. But once again he has time. There will be five Brown Budgets before the voters return to the polling booths.

As for the Conservatives, their present dismal condition is eloquently described on the adjacent page by Douglas Hurd. What remains of the party at Westminster has a stark choice: it can begin the slow march back to the centre ground of politics surrendered so fatally to Mr Blair. Or it can continue its civil war over Europe and march further along the route to narrow English nationalism. No-one hopes more than Mr Blair that it will choose this latter course, most visibly by opting in the looming contest for the leadership for John Redwood or Peter Lilley rather than for Kenneth Clarke.

The prime minister meanwhile applies his colours to a blank canvas. The Queen's Speech will provide an outline sketch, the Budget will fill some additional detail. He wants to make a mark in these early weeks and months. Politics demands momentum. But the painting will not be completed for several years, perhaps not for a decade. Of one thing, though, we can be certain. It will be a work of the New Labour school.



Gordon Brown will face important economic decisions early on, says John Plender

The business of government

What can business expect from Labour? There is bound to be uncertainty over the big macroeconomic picture – interest rates, budgets and the exchange rate – though not through any fault of Mr Gordon Brown, the incoming chancellor.

In essence the new resident of Number 11 Downing Street confronts a lop-sided boom in which consumer demand is extremely buoyant. By contrast, the tradeable goods sector of the economy is being remorselessly squeezed as a result of sterling's recent appreciation against the D-Mark.

Sterling's initial response to Labour's victory was to fall, partly on the basis that a Blair government would be more sympathetic to European monetary union and would want a sterling depreciation before making any move.

Yet Labour's commitment to do nothing unless the cabinet, parliament and the electorate have all given their fiat, suggests there may be little action in the life of this parliament.

The more potent influence on sterling may thus be the mix of fiscal and monetary policy. Yet the outcome is unpredictable.

A new Labour chancellor has good reason to heed the advice of the governor of the Bank of England in order to establish credibility with the markets. It is a near-certainty, then, that business will face a rise in interest rates after Mr Brown's first monetary meeting with Mr Eddie George next week.

The case for rebalancing fiscal and monetary policy in the summer appears strong given the poor state of public finances, succinctly captured in the latest issue of the National Institute Review.

It is also likely there will be some slippage in the implausibly tight Tory public spending plans that Mr Brown proposes to adopt.

Such a rebalancing, many analysts argue, would have the advantage of taking the pressure off interest rates and sterling. Yet the links between fiscal policy and the exchange rate are indirect and uncertain.

Investors in the world's largest creditor country, Japan, where long bonds look vulnerable on a yield of less than 2% per cent, may be seduced by nearly 8 per cent on Mr Brown's long-term IOUs in the light of his manifestly orthodox fiscal instincts. Sterling, like gilt, would then see more upward pressure.

Labour has been here before. It is not an easy conjuncture to manage, and there are risks in talking a currency down when trying to establish credibility with the markets.

The politics of a summer Budget that goes beyond the wind-

fall tax on utilities are also difficult. At stake is the fate of British manufacturing, and Labour's ability to deliver non-inflationary growth, investment and jobs.

On microeconomic policy Labour can offer more tangible reassurance. Its manifesto for business emphasised the importance of profits and of competition. The question is whether the new government can live up to that promise.

Equally striking is the effort made in the business manifesto to draw the sting from controversial commitments such as the social chapter. It declares that Labour will not agree to extend qualified majority voting to social security or co-determination in the boardroom.

It will aim to keep matters of pay and the right to strike outside the scope of the social

chapter. And, in considering any new proposals, Labour will make sure the issues of employability and competitiveness are central to the decision-making process.

Given the waning appetite in continental Europe for such measures, Tory scaremongering on this score looks overdone.

As for the minimum wage, Goldman Sachs, the investment bank, argues that it is unlikely to be set at more than £2.50 – far below the level demanded by the unions. Because of the potential risks to employment, it adds, Labour's instincts will be to err on the side of caution. On industrial relations, there are firm pledges against turning back the clock.

Taxation raises a more difficult question. The declining yield from corporation tax and its bias towards dividend distribution make it an obvious case for treatment.

If tax-exempt pension funds lose more of their tax credit on dividends, that cost will ultimately fall on industry. The implications for business of November's manifesto for stakeholder pensions are hard to assess until more flesh is put on the bones.

As for Labour's interest in a tapering rate of capital gains tax, the avoidance opportunities pointed out by the Commission on Public Policy and British Business may well swing the argument against.

In competition policy, there are signs that Labour's enthusiasm for subjecting hostile takeovers to a public interest test has cooled. It would not be surprising if efforts to slow the frenetic trade in companies were to take the form of moral suasion to

revise the Takeover Code. The level of shareholding at which a predator company is obliged to make an offer to all shareholders could, for example, be reduced. Many in the City would scarcely bat an eyelid.

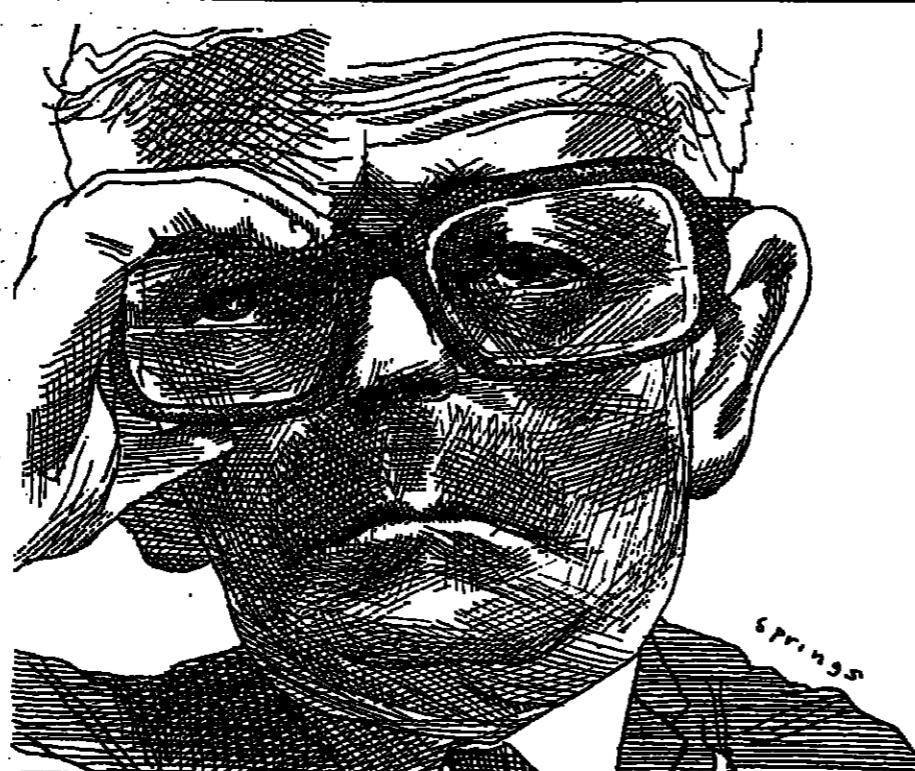
Whether Labour will find it any easier than the Tories to put private-sector money and management to work in the public sector remains to be seen. But its plan to have every government department draw up a publicly visible asset register by November is a sound financial discipline and an intriguing business opportunity for the private sector.

The one area where Labour's pro-business stance evaporates concerns the windfall tax and the utilities. In the business manifesto, Mr Brown talks of the need for a fair, as well as a prosperous, society. The implicit warning is clear. Corporate malpractice may prompt a backlash.

But the key to success for the new Labour government remains macroeconomic policy. The right decisions on sterling, the first budget and European monetary union are all crucial.

دکمان العجل

ELECTION 1997



Direction out of the wilderness

Douglas Hurd argues that the Conservatives need to develop a balanced vision of Europe

weak Conservative leadership. It is a political fact for all British governments. Indeed our partners need to beware of similar reefs under the surface of their own political life.

Unfortunately that fact misled some Conservatives into supposing there was a pot of votes if they showed themselves sufficiently nationalist and scornful of our European partners.

In this they were urged on by the press. It is a damaging accident that all five of the national daily newspapers most often read by Conservatives have for years been deeply critical of the Conservative government's policy towards Europe.

That's their right. But the result has been a dearth of factual reporting of what happens on the continent.

To this must be added the manoeuvres of the two mil-

lionaires – one threatening candidates with opposition from the Referendum party, the other offering a juicy carrot to candidates who diverged from official policy on the single currency.

All this amounted not to an outburst of patriotic fervour but to the appearance of a nervous breakdown. The British electorate has joined our partners on the continent in making this assessment. They have their doubts about Europe but they are not deaf.

The Referendum party was humiliated and there has been a big swing to parties which are to some extent more favourable to European integration than the Conservatives. Looking at the constituency figures it is hard to detect a relationship between the swing against a Conservative candidate and his or her views on Europe.

We should indeed continue strenuously to oppose the social chapter. Here the Labour party is out of date. It is joining the reactionary tendency in the EU which

The pot of anti-European votes was just not there. What was evident was confusion and dissent. This self-inflicted damage is not new. Over the years valid British proposals on Europe – for example in the government's white paper last year – have been continuously obscured and robbed of their strength by spasms of apparently uncontrollable emotion.

The Conservative party

now has a chance to cure itself. We should not wander further into the wilderness as Labour did under Michael Foot after the defeat in 1979. We should not delude ourselves that we lost because we were not sufficiently dogmatic or extreme.

The Conservatives have a chance to bring some balance back into the presentation of European issues. Our leaders need to return to emphasising, as they once did, the big advantages to Britain of completing the single market, of co-operating in foreign policy in Europe, of enlarging the European Union to include in the near future at least the successful central European countries.

Once the advantages are stressed, accompanying criticisms can carry some weight.

All this will take time to think through and get right. But as it happens, time for reflection and for the renewing of relationships is the one thing which the electorate has bestowed on us.

The author was foreign secretary 1983-95

Samuel Brittan

Better than you deserve

Labour could have won the election on a much more anti-capitalist platform

Supporters of the Thatcher revolution may feel sore that the high places of government – including the advisers and people running quangos – are to be filled by people who are not "one of us". More highbrow supporters of competitive market capitalism may feel the electorate needs to go back to school.

Members of both these overlapping camps should, however, take heart. If New Labour has made even a fraction of the changes in attitude that its leader, Tony Blair, has promised, UK capitalism will be far more unconstrained than the electorate really desires.

It has occurred to me frequently since Mr Blair became Labour leader that his party would have almost certainly been on course for victory even if the process of policy reform had gone no further than Neil Kinnock was able to take it. Indeed, Labour would quite likely have won with a younger version of Michael Foot – if the image-merchants could have persuaded him to jettison his duffle coat and stick. This is because the British public remains hopelessly collectivist in its attitudes.

Opinion polls today concentrate on performance issues rather than policy issues. They ask people how well various parties have performed or are likely to perform. Yet there are some policy attitudes to be discerned – particularly in the British Social Attitudes Survey, the most authoritative long-term snapshot of public opinion in the UK.

In spite of the fact that the Conservative government did little more than stabilise the public spending ratio, a large majority now say they want it to go higher still. And most people say they want more spending on health, education and social benefits – even if it means they have to pay more tax.

benefits owners at the expense of workers". I am afraid this represents something much more hostile than a call for tighter anti-monopoly laws.

Specific questions on what macro-economists regard as hard-core policy matters are more rarely asked today. But the questions asked by the survey well into the 1980s showed a majority of respondents still believed that inflation was best tackled by price controls – even after nearly a decade of Margaret Thatcher. This is like controlling a burst pipe by putting your finger in the tap.

Majorities also believed that unemployment should be tackled by the self-imperishable route of job-sharing and compulsory reduction in hours. Why then should the mass media bother to attack the European social chapter? British popular desire to control pay and working conditions goes far beyond the interpretation put on the chapter by most European Union governments. (The latter, of course, now want to shift the emphasis towards making labour costs more competitive.)

Even when there were pro-business sentiments in the surveys of the 1980s, they were very anti-free market. For example, there was strong support for the idea that "the government" should invest in British industry, and also that it should protect UK companies by import controls.

Thus it is partly a matter of luck for those of us who believe competitive capitalism is the least bad economic system that Labour elected a leader who partially shares this belief and yet has managed to maintain control of his party. One does not have to be starry-eyed about this. Mr Blair had nothing to lose from making victory doubly sure by carrying along a group of business faces in addition to the regulation army of luvvies, dons and media types.

Burn off will be different.

The real battle for ministers

will not be to defend residual slightly left measures such as the windfall tax. It will be to explain – as James Callaghan sometimes tried to do – the benefits of profits, incentives and competition to an indifferent or hostile public.

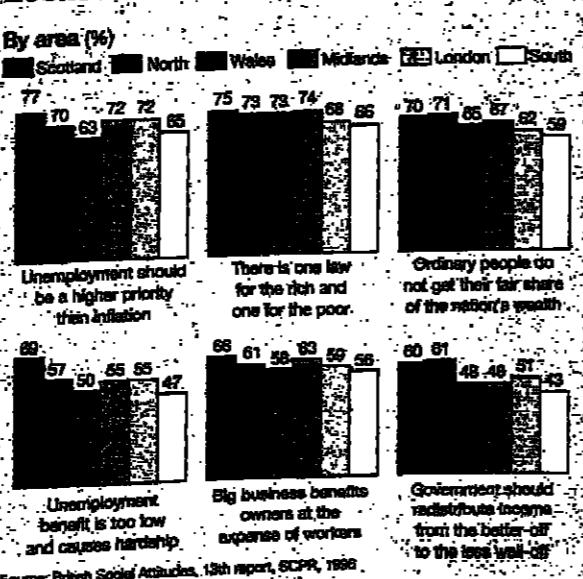
A survey of my own, conducted in the 1970s among UK political commentators, economists and politicians, showed that although the Conservatives had succeeded in making nationalisation a dirty word, the vast majority had, almost irrespective of partisan preference, no conception of the function of markets and prices.

Does any of this matter? As Adam Smith said: "There is an awful lot of ruin in a nation". If most people understood how the economic system worked there would be no need for economists except to produce highly dubious numerical estimates so we could all have a good laugh.

Rather more important it is the function of leaders to lead. If they understand what needs to be done – even if only intuitively or through having the instinct to take the right advice – with luck the population will follow. We have had too many politicians who echo the German playwright Bertolt Brecht, "I am their leader; I must follow them."

But I am left with the question of whether there is such a thing as economic literacy. Is there a body of data and plausible cause-and-effect relationships which could be shared by everyone from Milton Friedman to modern-minded left-of-centre finance ministers? And if there were, who would be prepared to listen?

Economic Ideology



still hangs on to the belief that a regulated labour market and high social costs are an essential mark of European civilisation. France, Germany and Italy are struggling to lighten these burdens on themselves just as the Labour party proposes to clamp them on the UK.

As regards the single currency, there is no need and no advantage for the Conservative party to alter its line. I am not a fan of the project and continue to believe, as I argued in the Financial Times more than a year ago, that it should be postponed in Europe's interest.

But if it goes ahead more or less on time, if it succeeds and if we begin to lose blood as a result of staying out, government, parliament and the people in a referendum will need to weigh those facts against the political price of joining.

These are big ifs. They may not come to pass. The elements in the equation do not exist at present for a valid judgment. But the possibility does exist in the medium term and it is not realistic to rule it out.

The Conservative party

needs to get back into closer contact with British business on European issues. We drifted too far apart, with the result that more and more business leaders found our rhetoric was damaging Britain's interests even if they broadly supported our policies.

Above all, we need to bring some balance back into the presentation of European issues. Our leaders need to return to emphasising, as they once did, the big advantages to Britain of completing the single market, of co-operating in foreign policy in Europe, of enlarging the European Union to include in the near future at least the successful central European countries.

Once the advantages are stressed, accompanying criticisms can carry some weight.

All this will take time to think through and get right.

But as it happens, time for reflection and for the renewing of relationships is the one thing which the electorate has bestowed on us.

The author was foreign secretary 1983-95

The torture of the minister in waiting

Many Labour MPs

will stick close to the phone this weekend waiting for that call

The call finally comes minutes before the Six O'Clock News when a further list is to be announced. The relief is such that determination to stick out for one of the big departments – Treasury, Home or Foreign Office – evaporates with the official's preamble: "The prime minister would like a word with you." A parliamentary under-secretary at the agriculture ministry is accepted with pleasure and a promise of undying support.

Halfway through lunch, the butler – Tory MP still had butlers in those palmy days – entered the room and announced: "Mr Churchill is on the line, sir." The assembled company fell silent as their host walked quickly to the telephone and dialed the prime minister in the hall.

"Randolph here," a voice boomed. After a long pause, Winston's son inquired: "Were you expecting a call from someone else?" Several scores of Labour MPs will be going through a comparable torture by telephone this weekend.

The process by which ministers are chosen is the stuff of legends. Stories abound of prime ministers ringing the wrong man with the right name or not knowing their junior colleagues.

In 1983, when government was much smaller than now, the Pall Mall Gazette reported the following incident when Lord Salisbury, then prime minister, was

walking across Horse Guards Parade with Mr Akers-Douglas, his chief whip. A gentleman passed and just raised his hat.

"Douglas," said the prime minister blandly, "pray, who is that fresh-looking young man?"

"That," Lord Salisbury, "answered the whip, "is a member of your government – Walter Long, the parliamentary secretary to the Local Government Board."

But out of this extraordinary process, with its lists and endless revisions of lists, comes a new government. It is a melding together of more than 100 people, few of whom have ever worked with each other. On their collective shoulders lies responsibility for the country.

I remember my first morning at the Foreign Office and my sense of sheer amazement when I walked into a high Victorian room and two young men snapped to their feet and said in unison: "Good morning, minister."

That same day, after countless briefing meetings, I went home laden with three red boxes. "My first red boxes," I said with some pride to my new government driver.

"Yes," he said, "you'll find it hard to get away from those." He was so right.

Looking back on those exciting ministerial days, I wish well to the recipients of the telephone calls. It is worth the wait, but remember the words from Milton's *Lycidas*: "Fame is the spur that doth raise the mind, and enterprize the valiant." Enjoy the red boxes while you have them.

Tim Renton

The author served as minister under Baroness Thatcher and John Major, including as chief whip 1983-90.



Renton: wishes the recipients of calls well



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AS INDIVIDUAL AS YOU ARE

Copper flat despite end of strike

MARKETS REPORT

By Gary Mead

The shadow of the long weekend hung over trading on the London Metal Exchange yesterday, with even copper – which has undergone a volatile couple of weeks – drifting lower.

Reports that the short-lived strike at Chile's Escondida copper mine had ended appeared to have little influence on closing prices.

The three-month contract ended the day unchanged, at \$2,360, having earlier fallen as low as \$2,336 a tonne, on news that LME stocks had increased 2,175 tonnes.

The premium for cash metal over three-months eased to \$70.

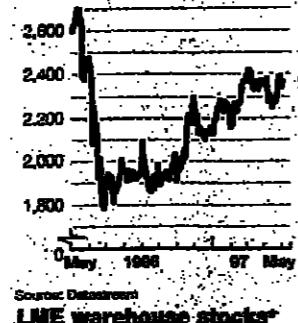
Oil prices also edged lower, for the second day running. The benchmark June contract for Brent was sharply down, by 35 cents, to \$17.94 in late trading on the International Petroleum Exchange. Traders pointed to unusually warm weather in Europe, as well as increasing crude supplies as western refineries get back to capacity after maintenance work, as factors.

Cocoa failed to recover much recent lost ground, as the July contract close 26 cents higher at \$944 a tonne, in thin volume trading on the London International Financial Futures Exchange. The market's perception that Ivory Coast supplies will be better than forecast was seen as making more unlikely a rally in the short term.

The London-New York split over coffee prices with the London-traded robusta were insufficient to keep pace with current demand.

Copper

LME 3-month metal (\$ per tonne)



Source: Datamark

LME warehouse stocks* (Tonnes) Change

| | May 1 | May 2 | May 3 | May 4 |
|-----------------|---------|--------|---------|--------|
| Aluminium | 755,250 | -121.5 | 755,250 | -121.5 |
| Aluminium alloy | 65,480 | -200 | 65,480 | -200 |
| Copper | 147,925 | +2,175 | 147,925 | +2,175 |
| Lead | 113,925 | - | 113,925 | - |
| Nickel | 50,285 | +102 | 50,285 | +102 |
| Zinc | 432,375 | +200 | 432,375 | +200 |
| Tin | 71,225 | +80 | 71,225 | +80 |

*Today's close

Source: Datamark

LME 3-month metal (\$ per tonne)

Close Previous

AM Official

Open Int.

Total daily turnover

1,148

LME 3-month metal (\$ per tonne)

Close Previous

AM Official

Open Int.

Total daily turnover

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LME 3-month metal (\$ per tonne)

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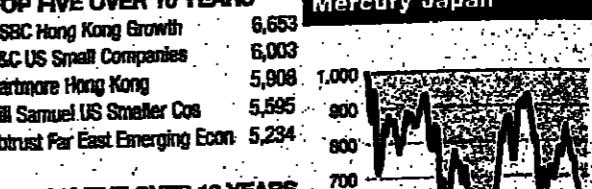
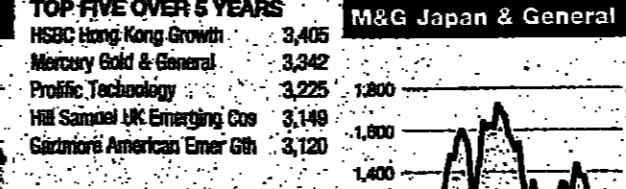
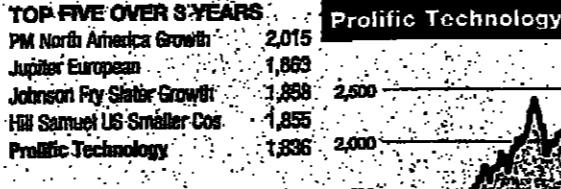
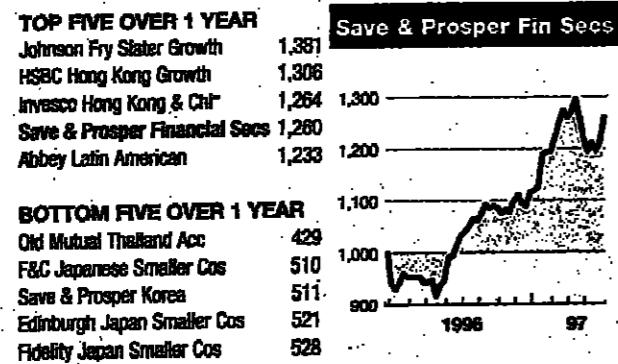
LME 3-month metal (\$ per tonne)

Close Previous

AM Official

UNIT TRUSTS

■ WINNERS AND LOSERS



Source: HSW (01625 511311)

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

| ■ Indices | | 1 year (%) | 3 | 5 | 10 | Volatility YoY% |
|-----------------------------|-------|------------|-------|-------|-----|-----------------|
| Average Unit Trust | 977 | 1,193 | 1,785 | 2,278 | 3.2 | 2.6 |
| Average Investment Trust | 1,073 | 1,217 | 1,992 | 2,794 | 4.5 | 3.6 |
| Bank | 1,032 | 1,112 | 1,212 | - | 0.4 | 4.2 |
| Building Society | 1,031 | 1,112 | 1,219 | 1,854 | 0.0 | 4.0 |
| Stockmarket FTSE All-Shares | 1,158 | 1,493 | 1,965 | 2,916 | 2.7 | 3.8 |
| Inflation | 1,028 | 1,091 | 1,157 | 1,525 | 0.4 | 3.8 |

| ■ UK Growth | | 1 year (%) | 3 | 5 | 10 | Volatility YoY% |
|------------------------------|-------|------------|-------|-------|-----|-----------------|
| Johnson Fry Sater Growth | 1,391 | 1,658 | 2,280 | - | 3.6 | 0.9 |
| Jupiter UK Growth | 1,071 | 1,736 | 2,695 | - | 3.2 | 1.9 |
| Perpetual UK Exempt | 1,122 | 1,643 | 2,617 | - | 2.7 | 2.6 |
| Credit Suisse Fellowship Inc | 989 | 1,582 | - | - | 3.1 | 1.1 |
| OM Hartley Growth | 1,127 | 1,535 | 2,241 | - | 3.0 | 0.3 |
| SECTOR AVERAGE | 1,058 | 1,340 | 1,802 | 2,205 | 3.0 | 1.8 |

| ■ UK Smaller Companies | | 1 year (%) | 3 | 5 | 10 | Volatility YoY% |
|-------------------------------|-------|------------|-------|-------|-----|-----------------|
| Gartmore UK Smaller Companies | 1,188 | 1,763 | 2,280 | 2,386 | 3.4 | 0.4 |
| Laurence Klein Smaller Cos | 1,084 | 1,742 | - | - | 3.1 | 1.2 |
| AES Smaller Companies | 1,083 | 1,658 | 2,157 | - | 3.1 | 0.8 |
| INVESCO UK Smaller Companies | 1,086 | 1,636 | 2,640 | 2,250 | 3.9 | 1.2 |
| Britannia Smaller Cos Acc | 1,072 | 1,603 | 2,547 | 2,446 | 3.3 | 0.4 |
| SECTOR AVERAGE | 1,010 | 1,281 | 1,923 | 2,034 | 3.0 | 1.5 |

| ■ UK Equity Income | | 1 year (%) | 3 | 5 | 10 | Volatility YoY% |
|------------------------------|-------|------------|-------|-------|-----|-----------------|
| Jupiter Income | 1,108 | 1,792 | 2,943 | - | 2.8 | 4.0 |
| Lazard UK Income | 1,111 | 1,549 | 2,069 | 3,050 | 2.7 | 4.2 |
| Britannia High Yield Inc | 1,084 | 1,474 | 2,109 | 3,103 | 2.7 | 4.0 |
| BWD UK Equity Income | 1,160 | 1,470 | 1,976 | 2,494 | 2.8 | 3.5 |
| Royal Life High Income (Dis) | 1,110 | 1,445 | 1,878 | 2,171 | 2.7 | 3.7 |
| SECTOR AVERAGE | 1,073 | 1,302 | 1,765 | 2,406 | 2.8 | 4.5 |

| ■ International Fixed Interest | | 1 year (%) | 3 | 5 | 10 | Volatility YoY% |
|--------------------------------|-------|------------|-------|-------|-----|-----------------|
| Baring Global Bond | 987 | 1,180 | 1,606 | - | 1.6 | 6.2 |
| Barclays Uni European Bond Inc | 1,043 | 1,158 | - | - | 1.1 | 5.7 |
| Old Mutual Worldwide Bond Inc | 971 | 1,156 | 1,448 | - | 1.6 | 5.2 |
| Mercury Global Bond Acc | 941 | 1,123 | 1,468 | - | 1.7 | 5.4 |
| TSB International Income Incm | 963 | 1,114 | 1,391 | - | 1.6 | 4.3 |
| SECTOR AVERAGE | 916 | 1,033 | 1,351 | 1,634 | 1.9 | 5.5 |

| ■ International Equity Income | | 1 year (%) | 3 | 5 | 10 | Volatility YoY% |
|-------------------------------|-------|------------|-------|-------|-----|-----------------|
| GT International Income | 1,029 | 1,280 | 1,863 | 2,584 | 2.4 | 2.9 |
| Martin Currie Int'l Income | 1,051 | 1,279 | 1,916 | - | 2.7 | 3.1 |
| Dolphin Int'l Gilt & Income | 1,000 | 1,248 | 1,791 | 1,721 | 2.5 | 2.2 |
| Mayflower Global Income | 1,020 | 1,216 | 1,786 | 2,110 | 2.5 | 3.6 |
| M&G International Income | 996 | 1,193 | 1,645 | 2,510 | 2.3 | 4.3 |
| SECTOR AVERAGE | 1,016 | 1,194 | 1,783 | 2,124 | 2.5 | 3.3 |

| ■ International Equity & Bond | | 1 year (%) | 3 | 5 | 10 | Volatility YoY% |
|--------------------------------|-------|------------|-------|-------|-----|-----------------|
| Cazenove UK Equity & Bond | 1,094 | 1,421 | - | - | 3.1 | 6.2 |
| Cler Med Retirement Income Inc | 1,069 | 1,336 | 1,777 | - | 2.8 | 5.5 |
| Prolific Extra Income | 1,033 | 1,297 | 1,721 | 2,274 | 2.5 | 4.1 |
| CIS UK Income | 1,098 | 1,285 | 1,716 | - | 2.4 | 4.1 |
| Abbey National Extra Income | 1,083 | 1,262 | 1,945 | 2,780 | 2.5 | 6.3 |
| SECTOR AVERAGE | 1,051 | 1,215 | 1,636 | 2,034 | 2.3 | 5.4 |

| ■ UK Equity & Bond Income | | 1 year (%) | 3 | 5 | 10 | Volatility YoY% |
|--------------------------------|-------|------------|-------|-------|-----|-----------------|
| Cazenove UK Equity & Bond | 1,094 | 1,421 | - | - | 3.1 | 6.2 |
| Cler Med Retirement Income Inc | 1,069 | 1,336 | 1,777 | - | 2.8 | 5.5 |
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| Abbey National Extra Income | 1,083 | 1,262 | 1,945 | 2,780 | 2.5 | 6.3 |
| SECTOR AVERAGE | 1,051 | 1,215 | 1,636 | 2,034 | 2.3 | |

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This image shows a vertical strip of aged, yellowish-brown paper, likely from an old book cover or endpaper. The paper has a textured, slightly mottled appearance with some darker spots and discoloration. A decorative border is printed along the top edge, featuring a repeating pattern of small circles or dots. Along the right edge, there is handwritten text in cursive script, which appears to be a title or inscription. The text is partially cut off at the bottom, but what is visible reads "The Young Bookseller". The overall condition of the paper suggests it is quite old and possibly damaged.

LONDON SHARE SERVICE

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

INDICES

| | May 2 | May 1 | Apr 30 | High | 1997 | Low |
|---------------------------------------|----------|----------|-----------|----------|------|--------------|
| Argentina General(25/12/77) | (6) | (6) | 21027.90 | 21551.32 | 2472 | 18237.37 2/1 |
| Australia | | | | | | |
| All Ordinaries(1/1/80) | 2491.9 | 2465.4 | 2488.0 | 2501.20 | 182 | 2352.20 1/4 |
| All Mining(1/1/80) | 888.6 | 868.4 | 883.0 | 887.30 | 242 | 878.48 1/4 |
| Austria | | | | | | |
| Credit Austria(30/12/84) | 401.79 | (3) | 400.21 | 416.23 | 11/3 | 374.40 9/1 |
| Treated Index(21/9/91) | 1205.71 | (3) | 1194.23 | 1258.43 | 11/3 | 1130.22 9/1 |
| Belgium | | | | | | |
| BEL 20(1/1/91) | 2253.83 | (3) | 2245.51 | 2253.83 | 25 | 1971.05 2/1 |
| Brazil | | | | | | |
| Bovespa(29/12/83) | (6) | (6) | 9962.0 | 9982.00 | 30/4 | 8100 2/4 |
| Canada | | | | | | |
| Mutual Minis(4/1975) | (6) | 5222.07 | 5348.99 | 5891.75 | 10/3 | 4954.96 11/4 |
| Composite(4/1975) | (6) | 8009.90 | 5976.60 | 8324.50 | 10/3 | 5578.30 1/4 |
| Postdocs(29/4/1983) | (6) | 3053.47 | 3030.03 | 3214.18 | 10/3 | 2986.02 11/4 |
| Chile | | | | | | |
| ISP Gen(CV/12/80) | (6) | (6) | 5331.05 | 5443.32 | 25/2 | 4912.42 2/1 |
| Denmark | | | | | | |
| Copenhagen(29/1/83) | 546.52 | 546.10 | 545.38 | 555.48 | 11/3 | 478.14 2/1 |
| Finland | | | | | | |
| HFX General(29/12/80) | 2972.49 | (3) | 2933.76 | 3008.38 | 11/3 | 2463.26 2/1 |
| France | | | | | | |
| SBF 250(31/1/1990) | 1777.93 | (3) | 1767.53 | 1815.36 | 10/3 | 1533.18 2/1 |
| CAC 40(31/12/87) | 2955.31 | (3) | 2539.46 | 2789.21 | 10/3 | 2258.97 2/1 |
| Germany | | | | | | |
| FAZ Aktien(31/12/88) | 1184.37 | (3) | 1179.76 | 1192.09 | 11/3 | 985.21 2/1 |
| Commerzbank(1/12/83) | 3543.00 | (3) | 3488.4 | 3561.00 | 25 | 2875.90 2/1 |
| DAX(30/3/1987) | 3461.37 | (3) | 3431.07 | 3460.99 | 11/3 | 2861.77 2/1 |
| Greece | | | | | | |
| Athens SE(31/12/80) | 1484.97 | (3) | 1457.51 | 1484.97 | 25 | 954.54 2/1 |
| Hong Kong | | | | | | |
| Hang Seng(31/7/84) | 13081.70 | 13020.78 | 12930.30 | 13898.24 | 30/1 | 12695.17 3/4 |
| India | | | | | | |
| BSE Sens.(1979) | 3801.71 | (3) | 3841.11 | 3944.81 | 4/3 | 3226.34 2/1 |
| Indonesia | | | | | | |
| Jakarta Comp.(10/8/82) | 647.88 | 652.45 | 652.05 | 712.80 | 26/2 | 631.27 1/4 |
| Ireland | | | | | | |
| ISEQ Overall(4/1/88) | 3165.47 | 3162.93 | 3104.81 | 3165.47 | 25 | 2725.07 2/1 |
| Italy | | | | | | |
| Banca Comit Ital(1972) | 772.00 | (3) | 767.82 | 787.71 | 10/2 | 662.55 2/1 |
| ME General(2/1/97) | 1161.0 | (3) | 1155.0 | 1197.00 | 10/2 | 981.00 2/1 |
| Japan | | | | | | |
| Nikkei 225(16/5/94) | 19514.75 | 19275.33 | 19151.12 | 19514.75 | 25 | 1730.05 10/1 |
| Nikkei 300(1/10/83) | 265.23 | 262.05 | 278.75 | 265.23 | 25 | 251.04 2/1 |

INDEX FUTURES

| | Open | Price | Change | High | Low | Est. vol. | Open | Int. |
|-------------------------------|--------|--------|--------|--------|--------|-----------|--------|--------|
| ■ CAC-40 (200 x index) | 2623.0 | 2621.2 | +16.2 | 2627.0 | 2602.0 | 23,480 | 15,624 | 15,624 |
| Apr | 2023.0 | 2021.2 | +16.2 | 2027.0 | 2002.0 | 23,480 | 15,624 | 15,624 |

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US INDICES

| Dow Jones | May 1 | Apr 30 | Apr 29 | 1997 High | 1997 Low | Since compilation High | Since compilation Low |
|-------------------------------|----------|-----------|-----------|-------------------------|-------------------|---------------------------|--------------------------|
| Industrials | 6976.48 | 7006.99 | 6962.03 | 7085.16 (11/3) | 6391.89 (11/4) | 7085.16 (11/3/97) | 41.22 (9/7/92) |
| Home Bonds | 101.75 | 101.59 | 101.49 | 103.63 (19/2) | 101.09 (14/6) | 103.27 (18/10/93) | 54.98 (10/10/91) |
| Transport | 2544.18 | 2572.54 | 2569.15 | 2580.55 | 2222.07 | 2680.55 | 13.23 |
| Utilities | 216.46 | 216.39 | 216.38 | 240.85 (27/1) | 209.47 (25/4) | 256.45 (31/8/93) | 16.53 (9/7/92) |
| DJ Ind. Day's high | 7041.90 | (7081.24) | Low | 6891.05 | (6812.26) | (Theoretical) | |
| DJ's high | 7008.99 | (7057.55) | Low | 6913.47 | (6935.54) | (Actual) | |
| Standard and Poor's | | | | | | | |
| Composite | 796.53 | 801.34 | 794.05 | 816.29 (18/2) | 737.01 (21) | 816.29 (18/3/97) | 4.40 (10/6/92) |
| Industrials | 938.77 | 942.01 | 933.07 | 988.98 | 865.42 (18/2) | 958.98 (11/4) | 3.52 (10/2/97) |
| Financial | 90.56 | 90.91 | 90.09 | 97.25 (10/3) | 80.75 (21) | 97.25 (10/3/97) | 7.13 (4/9/94) |
| NYSE Comp. | 415.71 | 416.94 | 413.82 | 427.70 (10/3) | 389.47 (11/4) | 427.70 (10/3/97) | 4.84 (25/4/92) |
| Amer. Comp. | 558.50 | 552.91 | 548.03 | 603.63 (10/3) | 541.20 (28/4) | 617.87 (22/5/93) | 524.20 (16/7/97) |
| NASDAQ Comp. | 1270.50 | 1280.76 | 1242.63 | 1368.06 (22/7) | 1201.00 (24) | 1388.06 (22/1/97) | 54.87 (31/07/94) |
| RATIOS | | | | | | | |
| | | | | Apr 25 | Apr 18 | Apr 11 | Year ago |
| Dow Jones Ind. Div. Yield | | | | 1.82 | 1.82 | 1.84 | 2.17 |
| | | | | Apr 30 | Apr 23 | Apr 16 | Year ago |
| S & P Ind. Div. yield | | | | 1.75 | 1.80 | 1.82 | 1.86 |
| S & P Ind. P/E ratio | | | | 22.89 | 22.19 | 21.85 | 21.60 |
| NEW YORK ACTIVE STOCKS | | | | TRADING ACTIVITY | | | |

AFRICA

WORLD STOCK MARKETS

Dow hovers around 7,000 after data

AMERICAS

US stock prices were stronger at midsession as the market appeared to have regained some of its bullish sentiment, writes *Troy Corrigan in New York*.

The Dow Jones Industrial Average hovered around the 7,000 point level for most of the morning, and at around 1pm was up 24.08 at 7,000.56.

Conflicting economic news, including the lowest unemployment rate for 23 years, sent bond prices slightly lower.

But the stock market retained its positive tone after a week of economic data broadly suggesting that inflationary pressures were weaker than many had feared, and that a succession of interest rate rises by the Federal Reserve was unlikely.

"The weight and balance of the economic news, if still a little contradictory, is still on the side of suggesting some moderation of the first-quarter pace [of economic growth]," said Mr Eric Miller, chief investment officer of Donaldson Lufkin & Jenrette.

Many analysts still expected a second rate rise for the year in May, but thought that it could be the last one. This helped to ease fears that higher interest rates would hit US companies' performance.

Financial stocks, which had been hit particularly

hard, recovered ground this week with J.P. Morgan up 3% at \$101.

Sentiment in the stock market had also been helped by a strong first-quarter earnings season.

Mr Miller said that the improved market performance of technology stocks and some other sectors showed that "the bullish bias of the market has not been smashed".

The technology-driven Nasdaq Composite index rose 19.29 to 1,239.79, outpacing gains in the Dow. The broader based Standard & Poor's 500 index rose 4.97 to 803.55.

Technology stocks led the way, as Cisco rose \$3 to \$56.4, while Dell gained 3% to \$89. Another big climber was Novellus Systems, up 5% to \$83.

Among the other market leaders, General Electric rose 1% to \$111.4, and DuPont gained 2% to \$105.

TORONTO moved forward strongly following a good day for the BCE telecoms conglomerate, further gains for banks and a solid start on Wall Street thanks to neutral US jobs data.

BCE was the star performer, surging more than 5 per cent on the news that the local telephone market was to be thrown open to greater competition. Its shares were C\$3.50 at C\$89.25 at noon, helping to lift the 300 composite index by 62.00 to 6,071.90.

Caracas 2.9% higher

CARACAS rose 2.9 per cent by midsession on renewed interest in CANTV, the telecommunications monopoly that on Wednesday reported strong first-quarter results.

CANTV class D shares, which closed 46 bolivars higher on Wednesday, were up another 73 bolivars yesterday morning at 2,130 bolivars.

Among other blue chips to trade higher, the benchmark

Electricidad de Caracas was changing hands at 525 bolivars, up 3 bolivars.

The Merinvest index stood 2.83 higher at 99.41.

SAO PAULO traded 1 per cent higher at midsession as the government rescheduled the delayed privatisation auction for Cia Vale do Rio Doce, the state miner, to Monday.

The Bovespa index rose 100 to 10,082.

EUROPE

Friendly US jobs data took several bourses to all-time highs; in industrial terms, the spotlight fell on carmakers. FRANKFURT led with Volkswagen yet again as the Dax index broke 3,500 before closing 52.99 or 1.5 per cent higher at 3,491.03.

Pressed by Daimler, which put on DM6.20 or 4.8 per cent at DM134.40, VW shot up another DM6.2 or 5.7 per cent to DM1,158.10 after gains of 1.4 per cent in April alone, and 72 per cent in the first four months of this year.

VW produced bumper results some three weeks ago; HSBC James Capel, a bull of the stock then, remained positive yesterday, saying that the company's model line up, the dollar effect and the fact that VW's market share was going up in a soft domestic market were evidence of quality.

Turnover eased from DM131b to DM121.1b, the big three carmakers accounting for DM3.5bn of that. The big three all figured, too, in the top 10 Ibov share prices, BMW gaining DM44.05 or 3.1 per cent to DM1,473.55.

PARIS edged higher, ending with the CAC 40 index up 15.85 at 2,655.31. Volume was dull at 7.1m shares.

Sanofi led the way, gaining FFr15 to FFr160. There was further, persistent demand for Havas, which rose FFr10.30 to FFr147.30 for a two-day advance of more than 8 per cent.

Pengoet put on FF13 to

FF15.85 and Michelin FF2.70 to FF22.85 in spite of discouraging news on car sales.

French car sales fell 10.3 per cent in April, the fourth negative month in a row. Renault, the sector leader, came off FF11.20 to FF11.17.

Carrefour added FF15 at

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COMPANIES AND FINANCE

A slimmer APV proves attractive to predators

Charis Gresser looks at why the engineering company has received two bid approaches in the past week

A PV, the UK engineering company which started life making fuel tanks for Zeppelin, could soon be coming under fire itself.

This week two companies, as yet unnamed, have made bid approaches to APV, now better known for its food processing machinery. Whether the approaches turn into offers remains to be seen. There is little doubt, however, about what APV's main investors want: "Being a shareholder in APV has been an unpleasant experience and now we would rather get out," says one bluntly.

This is a blow for a company proud of its engineering history. It was founded in 1910 by Mr Richard Seligman, a German Jew related to the Warburg family who invented the plate heat exchanger, still a core part of many industrial processes.

But a glance at the share price tells a less illustrious story. Over the past 10 years, excluding this week's sudden rise, shareholders have suffered a 50 per cent decline in the value of their investments, an underperformance to the market of nearly 80 per cent.

The dividend, which was halved in 1994, has not moved since, and the com-

pany is on its third chief executive in a decade. Exceptional charges for restructuring periodically scar its results, and a couple of profits warnings have taxed City confidence.

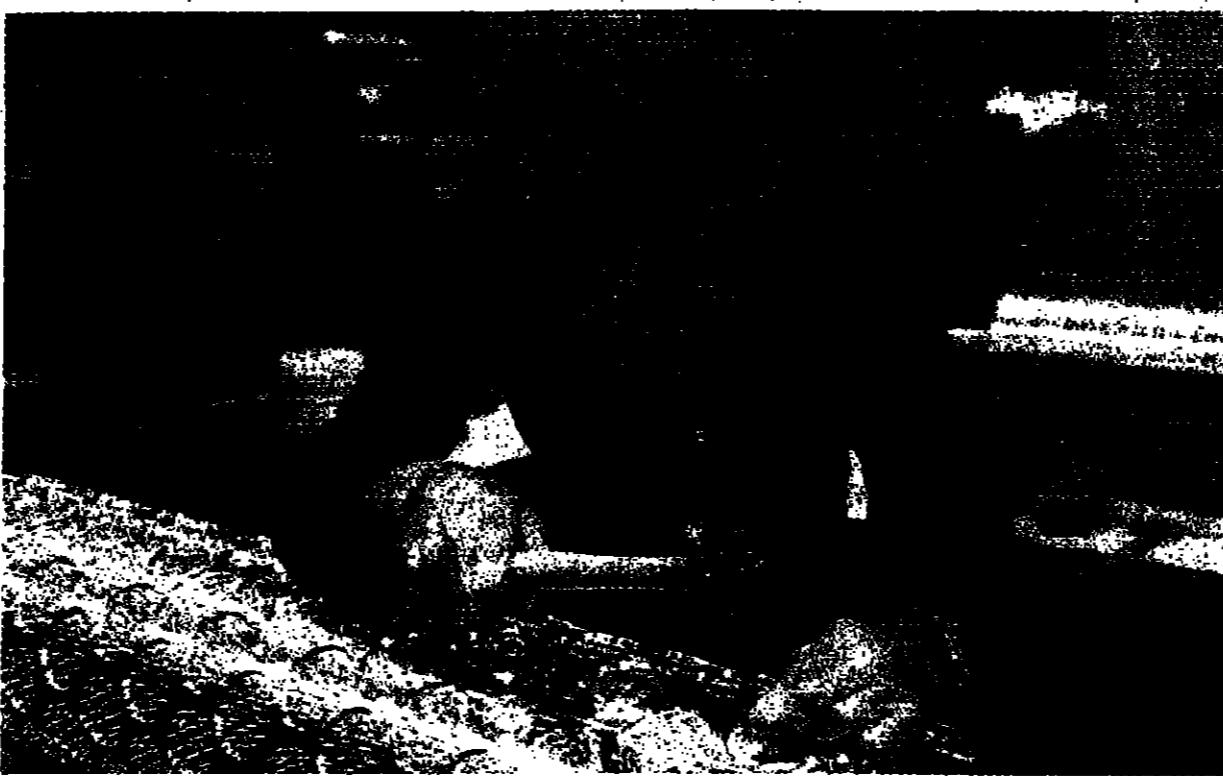
However, the company says the restructuring is starting to pay off and it is now in a better position to improve its performance in very tough markets.

As supermarkets gain more clout and economies of scale, they put pressure on their suppliers: the food groups such as Unilever, Nestlé, Procter & Gamble. These in turn squeeze their own suppliers. APV, Tetra-Laval of Sweden or GEA of Germany, APV is not alone to suffer.

Analysts believe GEA is behind at least one of the bid approaches. Engineering companies, Linde of Germany and FMC of the US, have also been mentioned. GEA's sales are growing strongly, but Merrill Lynch reckons that pricing pressure has taken its toll on pre-tax profits margins.

APV's critics accept competition has stiffened, but also blame the management. "It's been endless jam tomorrow. It would be a difficult defence to run," says one disaffected institution.

The seeds for the company's poor earnings record



Over a barrel: Alan Rycroft applies the finishing touches to a digestive biscuit cutter on an APV production line

were, rather predictably, sown in the boom years of the 1980s.

After fending off a hostile bid from Siebe in 1986, APV went on an acquisition binge, led by Mr Fred Smith, its chief executive.

It more than doubled its size in two years, spending

between £175m and £200m (£280m-\$320m) on about 20 acquisitions. Some were inspired, some were bad but, crucially, most were not integrated. Internal competition was rife, as different parts of APV fought over the same contracts.

A joyous if slightly confusing experience for the customer" which partly explained why APV's margins were so low, said broker UBS at the time.

In 1989, Mr Neil French, now chief executive, joined as finance director. The diffident, careful Scot, sat down with the chairman and

thought: "We've got a few problems here. The analysts were worried about the underlying cash flow and we said: 'enough acquisitions, we've got to sort this lot out.'

Twenty investments followed, raising £150m, during which time Mr Clive

Stronger, the chief executive, left.

About £100m was spent on restructuring. Shareholders have yet to feel its impact. Mr French, who picks his way through his sentences rather as though he were walking through a minefield, says that in the early stages the restructuring probably did not "address the issues with appropriate urgency".

His chairman, Mr Mike Smith, a former director at BT, has only been in the job for six months but has more of a feel for the soundbite. "With hindsight, if we could do it again, we would do the same things but faster."

Six weeks ago, the company reported a 44 per cent drop in 1996 pre-tax profits after exceptional to £15m on turnover of £772m.

The shake-up at APV has led to 7,000 job losses during the 1990s, about half the workforce. But the latest restructuring is not just about cost cutting.

Mr French, a theoretical chemist whose hobby is salmon fishing in Russia, hopes he has introduced "more intelligent rules of engagement".

He says bids to install production lines or the larger turnkey projects like dairy or baking plants should no longer be pure contracting

exercises, which can leave the company to starve on thin margins. They should also be a way of selling more of its own equipment, such as valves and pumps.

The company also sees opportunities to expand its homogeniser machines into the cosmetics and pharmaceutical industries. The automotive sector could be another growth market for its heat exchangers.

Will Mr French get the chance to see his plans through? One institutional investor reckons it would require a "suspension of belief" to trust in a dramatic change in the company's fortunes soon.

Some analysts are more optimistic about APV's prospects: "The restructuring will bear fruit. It's quite a focused business now. They've maintained product strengths and stepped up marketing spend in growth areas like the far east," says one.

In a note last month, Merrill Lynch notes the surge in order intakes in the second half of 1996 and forecasts pre-tax profits of £23m for 1997, rating the shares a buy.

Judging from this week's bid approaches, it looks like someone will soon be putting the brokers' advice into practice.

MGAM expands with Axiom funds

By Nikki Tait in Sydney and Christopher Brown-Humes in London

Morgan Grenfell Asset Management is expanding its funds under management by £10bn (\$16bn) after its parent, Deutsche Bank, won the auction for Australia's Axiom funds management business.

Mr Robert Smith, MGAM chief executive, said the purchase would give it a significant position in the fast-growing Australian pensions market and consolidate its position in Asia-Pacific.

Deutsche will pay \$240m (£155m) to buy Sydney-based

Axiom from the New South Wales state government, although it said yesterday that once loan and dividend payments were taken into account, the net cost of the deal would be nearer to \$16.5bn. MGAM is the London-based institutional asset manager of Deutsche Bank.

Axiom manages about \$15bn of state employees' pension money. Mr Smith said this was a "very significant increase in our total funds under management, taking them to more than \$20bn worldwide".

He noted that the Australian pensions market was growing at 10 per cent a

year, but said MGAM would be looking for even faster growth there. He added that the acquisition would complement MGAM's offices in Japan and Singapore.

As a result of the deal, Axiom's \$2bn to \$3bn portfolio of international assets will be managed by MGAM in London, while MGAM's London-based Australian equities business and asset management conducted for Australian clients will move to Axiom.

Deutsche Bank already has a significant corporate and investment banking business in Australia, having acquired the Bain & Co

Europe powers Unilever advance

By Maggie Urry

Strong profits growth in Europe, showing the first benefits of restructuring, aided first-quarter profits from Unilever, the Anglo-Dutch consumer products group.

Group operating profits, before exceptional costs and at constant currencies, rose 16 per cent to £661m (£1.056bn).

Pre-tax profits increased 7 per cent from £503m to £538m, after a fall in interest charges from £62m to £51m.

In Europe sales increased 1 per cent but operating profits rose 42 per cent from £254m to £360m. However,

much of the gain came from unusual factors. Ice cream sales rose around 10 per cent and added around £50m to profits. There was a £25m saving on pension contributions from last year's problem when the BSE crisis hit beefburger sales. A change in allocating central costs aided European profits at the expense of Brazilian operations.

Even so, analysts estimated European profit and margins were strongly ahead.

Elsewhere, North American operating profits slipped 11 per cent from £103m to £92m, despite the Heinz ketchup acquisition last year. Increased marketing costs hit margins, and the Calvin Klein and Elizabeth Arden fragrance business focused on product launches in other territories.

Profits from the Asia and Pacific region rose 19 per cent from £96m to £107m, with good volume growth in most countries. Latin American profits fell from £38m to £36m, reflecting the central cost switch. In Africa and the Middle East profits fell from £32m to £17m largely because of a change in the company's distribution policy in Turkey.

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ASkyB chief quits as tension mounts

By Raymond Snoddy

Mr Preston Padden has abruptly quit as chairman of ASkyB, Mr Rupert Murdoch's US digital satellite television project.

The unexpected resignation is a sign of growing tension in the project and appears to have resulted from ASkyB's failure so far to complete a merger with EchoStar, the Denver-based satellite TV company.

The planned merger, which would have given Mr Murdoch's News Corporation greatly increased satellite capacity to launch hundreds of TV channels in the American market before the end of this year, was announced in February.

The deal was unveiled at the end of a News Corp presentation to investment analysts, at which Mr Padden enthusiastically reached for movie industry hyperbole to

describe the significance of the ASkyB merger with EchoStar.

It would unleash, Mr Padden told investors then, "a cosmic armada unmatched since the Empire struck back".

It is believed that Mr Padden's resignation has not yet formally been accepted, but it is unlikely that he will stay at the satellite venture.

News Corporation insisted last night that negotiations

were continuing with Mr Charlie Ergen, EchoStar founder, but there are understood to be difficulties. One is over the satellite system to be used by ASkyB, which is due to launch by the end of this year. Mr Murdoch wants to use his systems, while Mr Ergen wants to stick to the system EchoStar already sells.

As part of the deal Mr Ergen was to remain in control of EchoStar. This con-

cession from Mr Murdoch may now be causing difficulties. One observer said yesterday the two sides were "standing toe-to-toe".

If a deal with EchoStar is not struck, Mr Murdoch will almost certainly look for other partners. It would be extremely difficult to launch in the American satellite market as the fifth entrant without an alliance of some sort. It is not clear who such a partner would be.

The leader in the digital satellite market is DirecTV owned by Hughes Aircraft, a company large enough not to need partners. The biggest investor in PrimeStar, another satellite venture, is TeleCommunications Inc of Denver. Mr Ted Turner is a big investor in TCI through Time Warner.

But EchoStar is the best partner for ASkyB because of its enormous access to satellite frequencies.

INTERNATIONAL NEWS DIGEST

KNP BT improves 4% in quarter

KNP BT, the Dutch paper, packaging and distribution group, managed to lift net profits 4 per cent to F152m (£36.8m) in the first quarter, a period for which it had warned of a further decline. Operating profits fell 6.2 per cent to F122m, but a lower tax charge and income from non-consolidated holdings offset these factors.

The group said yesterday that, assuming the paper market got no worse, it continued to expect that the full-year outcome would show a "material improvement" on 1996, when net profits were F123m. Sales in the three months to March rose 8.1 per cent to F137.1m. Excluding acquisitions, however, the increase was about 2 per cent.

KNP Leyham, the papermaking division for which it is seeking an industry partner, returned modestly to profit at operating level, as demand for wood-free coated sheets and reels increased. But the division was hampered by delays in restoring a paper machine in Maastricht to working order after an overhaul. The group is to increase prices for wood-coated paper in the current quarter, and expects to have to do the same for its corrugated and solid board packaging. Profit margins in these segments remained under pressure, it said. Profits were lower in packaging and flat in distribution, where its graphics systems unit failed to contribute.

KNP expected results for 1997 as a whole to be higher in distribution and to provide a "satisfactory return" in packaging. The sale of its plastic packaging activities to Tenneco, of the US, approved yesterday by the European Commission, would provide a net extraordinary gain in the second quarter. Shares in the group rose F1.10 to close in Amsterdam at F139.50.

Gordon Cramb, Amsterdam

CanWest must sell Ten shares

CanWest, the Canadian communications group which is controlled by Winnipeg's Asper family, was yesterday ordered by Australia's federal government to reduce its economic interest in the Ten Network, the Australian commercial television network, within five months. The order, from Mr Peter Costello, Australia's federal treasurer, comes in the wake of an inquiry by the Australian Broadcasting Authority, published last month. This found that, as a result of share transactions between November and January, CanWest was effectively in control of 52.49 per cent of Ten's voting equity.

This is well above the 14.9 per cent voting limit to which CanWest, as a non-Australian company, should be subject, under Australia's media ownership rules.

Nikki Tait, Sydney

Edper and Brascan to merge

Edper Group and Brascan, two lynchpins of the Canadian industrial and financial services empire formerly controlled by the Toronto branch of the Bronfman family, have agreed to merge. The move is part of a series of steps designed to simplify the group's structure in the face of financial difficulties and disquiet among institutional investors in the early 1990s.

Managers formerly employed by the Bronfmans have gained control of the Edper-Brascan in recent years. The group's interests include stakes in Noranda (resources), Brookfield Properties (real estate) and London Life (insurance). These managers, led by Mr Jack Cockwell, will own 10 per cent of the class A and 67 per cent of the class B common shares of the combined company.

Bernard Simon, Toronto

Colonial made to re-open retail offering

By Nikki Tait in Sydney

The Australian Securities Commission, Australia's main securities industry watchdog, yesterday forced Colonial, the financial services group, to re-open the retail part of a public offer of shares and options in the group.

The banking and insurance group, which is in the final stages of demutualisation, closed the offer on Monday, four days ahead of schedule. It also brought forward the date for listing its shares, from May 19 to May 12.

Colonial had said the decision reflected strong response to the public share offer. "Demand from those who have already applied could not be satisfied to any reasonable extent if the offer were to remain open," said Mr Peter Smedley, managing director.

But potential investors complained to the ASC, and the securities industry watchdog yesterday insisted that Colonial re-open the offer for an extra two days next week.

Mr Alan Cameron, ASC chairman, said Colonial should have made clear in its prospectus the possibility of an early close on the offer.

"People who received the prospectus were entitled to believe they had until 5pm

today [Friday] to subscribe," he said. The ASC believed Colonial received more than 2,000 applications after the early closure of the offer, and that "even more people had intended to subscribe".

Colonial said yesterday it would meet the ASC's demands, reopening the public offer on Monday and Tuesday next week. But it warned the offer was already "heavily oversubscribed".

If there were further applications, each investor would get less than the minimum application size of 1,000 shares and options.

Colonial's \$500 million policy-holders — about half of whom are in the UK — have been allocated shares and options in the group as part of the demutualisation, and are able to sell these as part of the flotation.

In addition, Colonial is issuing 75m new shares. The public offer is fixed at A\$2.60 a share, while institutions have been asked to bid in an indicative range of A\$2.50 to A\$2.90. Under the latest timetable, the institutional offer will now be open from May 14 to May 16.

Colonial, which has been attempting to turn itself from a life office into an "Allianz" group, is likely to be capitalised at about A\$2.6m (US\$1.57m).

Mr Alain Lévy, president of PolyGram, recently agreed to invest up to \$340m in the film division over the next two years so as to increase production and launch the US distribution network.

Mr Lévy says the division "could, and I underline the word could" break even from 1998.

PolyGram, which is also one of the world's largest



Alain Lévy: the film unit "could, and I underline the word could" break even from 1998

music groups, with U2, Elton John and Pulp among its artists, has already invested \$300m in creating its film division, in the hope of rivaling the established Hollywood studios.

Once PEPE, the US distribution network, is working, it will continue to release any films opening on fewer than 1,000 US screens through Gramercy, but will

channel bigger movies through a newly created unit called PolyGram Films.

The first pictures to be distributed by PolyGram Films will be *The Game*, a \$60m thriller directed by David Fincher, who made *Seven*, and Robert Altman's *The Gingerbread Man*. The company will distribute five films in its first year, and up to 12 a year after that.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries, Native Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS

Figures in parentheses show number of lines of stock

| | THURSDAY MAY 1 1997 | | | | | | WEDNESDAY APRIL 30 1997 | | | | | | — DOLLAR INDEX — | | | | | | | |
|----------------|---------------------|----------|--------|--------|--------|--------|-------------------------|-------|----------|--------|--------|--------|------------------|--------|--------|--------|--------|--------|--------|----------|
| | US | Dollar | Pound | Yen | DM | Local | Local | US | Pound | Yen | DM | Local | Local | US | Pound | Yen | DM | Local | Local | Index |
| | Index | Change % | Index | Index | Index | Index | Index | Index | Sterling | Index | Index | Index | Index | Index | Index | Index | Index | Index | Index | (approx) |
| Australia (76) | 228.19 | 0.4 | 208.83 | 182.13 | 203.88 | 192.98 | -0.1 | 3.94 | 227.38 | 207.76 | 182.41 | 204.71 | 193.47 | 223.18 | 185.44 | 209.33 | 182.41 | 185.44 | 209.33 | |
| Austria (24) | 180.58 | 0.8 | 164.43 | 144.13 | 161.34 | 151.34 | -0.1 | 1.95 | 179.21 | 161.26 | 150.54 | 165.04 | 156.04 | 174.04 | 168.11 | 180.58 | 161.26 | 150.54 | 165.04 | 174.04 |
| Belgium (20) | 240.45 | -0.2 | 214.40 | 191.34 | 214.40 | 191.34 | -0.1 | 2.02 | 234.00 | 217.11 | 194.07 | 214.07 | 194.07 | 226.07 | 194.07 | 234.00 | 217.11 | 194.07 | 226.07 | 194.07 |
| Brazil (50) | 246.33 | -0.0 | 224.90 | 198.82 | 220.08 | 192.26 | -0.0 | 1.50 | 242.33 | 225.08 | 197.61 | 221.77 | 197.62 | 247.23 | 197.23 | 247.23 | 197.61 | 197.62 | 247.23 | 197.44 |
| Canada (114) | 191.45 | 0.9 | 174.79 | 182.81 | 171.08 | 193.16 | 0.6 | 2.02 | 189.66 | 173.30 | 192.15 | 170.75 | 191.96 | 203.31 | 154.12 | 182.40 | 170.75 | 191.96 | 203.31 | 154.12 |
| Denmark (23) | 361.41 | 1.6 | 322.98 | 288.49 | 322.91 | 321.49 | 0.8 | 1.57 | 356.86 | 324.97 | 285.31 | 320.19 | 318.83 | 321.89 | 291.89 | 324.97 | 285.31 | 320.19 | 318.83 | 291.89 |
| Finland (28) | 259.48 | 0.2 | 236.90 | 207.11 | 231.84 | 261.04 | 0.0 | 1.82 | 257.35 | 235.15 | 206.45 | 281.04 | 268.58 | 235.07 | 183.07 | 257.35 | 235.15 | 206.45 | 281.04 | 268.58 |
| France (91) | 218.17 | 0.5 | 199.18 | 174.13 | 194.93 | 195.68 | 0.0 | 2.87 | 216.88 | 198.27 | 174.08 | 195.36 | 195.68 | 226.88 | 189.94 | 216.88 | 198.27 | 174.08 | 195.36 | 195.68 |
| Germany (59) | 201.48 | 0.5 | 183.94 | 180.81 | 180.01 | 180.01 | 0.0 | 1.56 | 199.95 | 182.70 | 180.40 | 180.01 | 180.01 | 180.01 | 164.47 | 180.01 | 180.01 | 180.01 | 180.01 | 164.47 |
| Hong Kong (68) | 457.24 | 1.2 | 428.93 | 372.84 | 417.47 | 454.70 | 1.2 | 3.04 | 481.81 | 421.81 | 407.81 | 370.24 | 454.70 | 514.49 | 407.55 | 481.81 | 421.81 | 407.81 | 370.24 | 454.70 |
| Indonesia (27) | 202.06 | 2.0 | 204.26 | 209.09 | 207.78 | 214.86 | 2.5 | 3.04 | 226.78 | 207.78 | 202.14 | 204.19 | 204.19 | 243.35 | 270.08 | 275.85 | 202.14 | 204.19 | 243.35 | 270.08 |
| Ireland (16) | 88.12 | 0.6 | 80.45 | 70.33 | 76.73 | 122.03 | 0.2 | 2.22 | 87.68 | | | | | | | | | | | |

Weekend May 3/May 4 1997

Nomura shareholders sue former executives

By Gillian Tett in Tokyo

Shareholders at Nomura, Japan's largest securities company, have launched legal action against its former president and some officials following the recent scandal over payments to corporate extortions.

The move is a further embarrassment to Nomura, which will learn in the coming days what government action it faces over the scandal.

It provides further evidence of a new trend in Japan, which has recently seen rising numbers of lawsuits brought by shareholders against company officials.

Last month shareholders of Sumitomo Corporation sued its directors for negligence over last year's copper losses.

In another case that could serve as a powerful precedent for the Nomura suit, directors of the Japanese retailer Takashimaya were forced to repay Y170m (\$1.35m) to the company for paying similar bribes to extortions - the first such incident in Japanese corporate history.

The latest case against Nomura has been brought by a group of Tokyo shareholders against Mr Hideo Sakamaki, the former president who resigned in March, and three former managing directors.



Legal action: Hideo Sakamaki

The suit demands that the four repay to Nomura about Y70m that they allegedly paid to a company related to "sokaiya" in 1995. Sokaiya are corporate extortions who threaten to disrupt shareholders' meetings.

Nomura officials have recently acknowledged that Nomura did pay a company widely linked to sokaiya. Mr Sakamaki has always denied he was involved in the payments, although he resigned after the scandal broke.

Shareholders suits are rare in Japan, and until recently few were successful. The Takashimaya case was the first in which directors have been held personally responsible for sokaiya payments. They made an out-of-court

settlement to reimburse the company.

If the government prosecution finds the Nomura directors guilty in a criminal court of making the payments, Nomura shareholders might win their suit - or at least force the directors to acknowledge personal responsibility, some Japanese lawyers said.

Others suggested the outcome of the Nomura suit would depend on whether the government first won a criminal prosecution against the directors for the payments, illegal under Japanese law.

The government has not yet launched a formal criminal case against individuals. Its Securities and Exchange Surveillance Commission is investigating the matter and is expected to report within days.

Some officials connected with the case indicated that preliminary drafts of the report would call for several months suspension of business for Nomura, implying criminal responsibility for some individuals.

Any suspension of business could hurt Nomura. Since the scandal broke, a host of clients have refused to deal with the company - a trend which has knocked the group from its traditional position as the largest broker on the Tokyo Stock Exchange.

Bull sheds 5% after Paris sells another share stake

By David Owen in Paris

Shares in Compagnie des Machines Bull, the French computer group, dipped sharply yesterday on the first day of trading in the latest stage of the group's privatisation.

The shares closed down FFr2.45, or 4.9 per cent, at FFr47.5 (\$8.16) on heavy volume, compared with a 0.6 per cent advance for the benchmark CAC 40 index.

The decline came in spite of oversubscription of the French state's offering of 17.1m

shares in the company, representing 10 per cent of its equity. Analysts attributed it to profit-taking by private investors.

These investors were able to buy the newly offered shares at FFr36, against FFr38 for institutions and the FFr49.35 level at which trading in Bull was suspended last month.

The offering has more than quadrupled the proportion of the company's capital traded on the market.

After accumulated losses of FFr28bn between 1989 and

1994, Bull has been profitable for the past two years and is forecasting a further "clear improvement" this year.

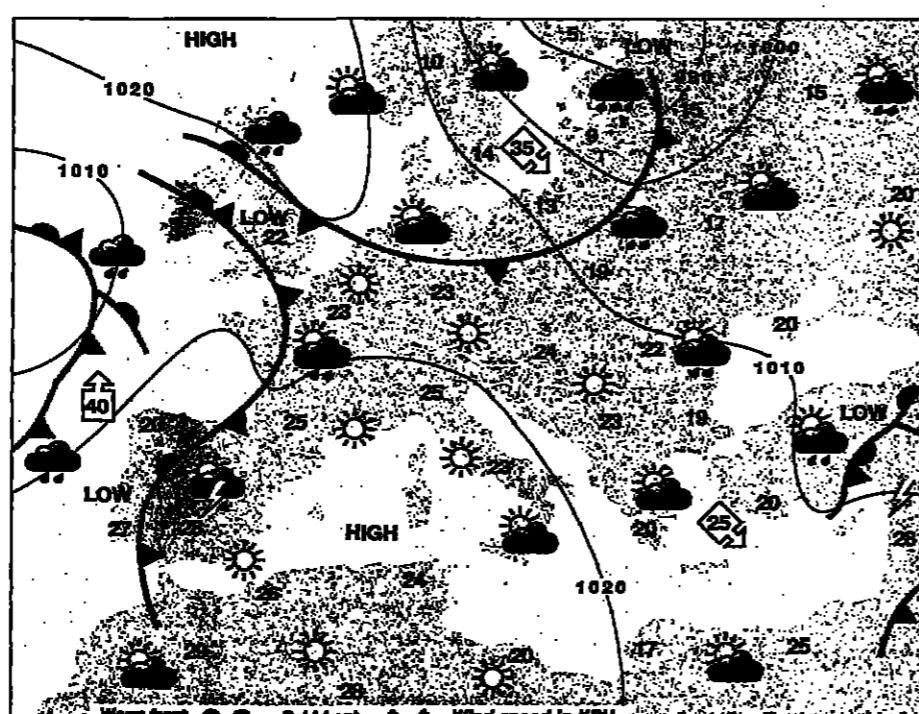
However, the company's recovery has some way to go. Last year's 3.2 per cent operating margin was well below the 10.4 per cent average achieved by what Bull regards as its top five competitors.

The operation leaves the French state with a 17 per cent stake in the group, whose other shareholders include France Telecom, NEC of Japan and Motorola of the US.

Markets latest

| | FTSE 100: | (+10.8) |
|-------------------------|-----------|----------|
| FTSE Eurotrack 100 | 2267.25 | (+15.17) |
| FTSE All-Share | 2142.25 | 3.57 |
| Nikkei | 15,514.75 | (228.45) |
| New York Comex | 7003.57 | (400.88) |
| Dow Jones Ind Ave | 303.93 | (5.30) |
| S & P Corporate | | |
| 3-m Intertank | 61.7% | (61.7%) |
| Ltge long gilt fut | Jun11/3 | (Am1105) |
| ■ LONDON MONEY | | |
| KNP | | |
| Morgan Grenfell | | |
| 3-m Interbank | 61.7% | (61.7%) |
| Ltge long gilt fut | Jun11/3 | (Am1105) |
| ■ US LUNCHTIME RATES | | |
| Federal Funds | 5.24% | |
| 3-m Treasury Bid Yld | 5.227% | |
| Long Bond | 8.95% | |
| Trea | 5.207% | |
| ■ NORTH SEA OIL (Argus) | | |
| Brent Dated | \$17.77 | (18.41) |
| ■ GOLD | | |
| New York Comex Dec | \$340.3 | (340.4) |
| London | \$339.90 | (340.10) |
| Unilever | | |

FT WEATHER GUIDE



TODAY'S TEMPERATURES

| | Maximum | Beijing | Catania | Caracas | fair 31 | Faro | fair 24 | Madrid | thund 28 | Rangoon | fair 36 |
|-----------|------------|------------|----------|------------|---------|------------|-----------|------------|-----------|------------|-----------|
| Abu Dhabi | sun 34 | sun 34 | Brussels | sun 20 | fair 30 | sun 20 | fair 24 | Malaga | sun 20 | Portauk | fair 37 |
| Accra | showers 30 | Berlin | sun 22 | Casablanca | sun 24 | Gibraltar | sun 23 | Malta | shower 30 | Rio | shower 30 |
| Algiers | sun 22 | Bermuda | fair 20 | Chicago | fair 13 | Glasgow | rain 14 | Manila | sun 22 | Rome | sun 22 |
| Amsterdam | fair 20 | Bogota | fair 24 | Cologne | sun 24 | Hamburg | fair 17 | Melbourne | shower 35 | S. Fraco | fair 19 |
| Ankara | fair 24 | Bombay | fair 24 | Dakar | sun 24 | Helsinki | fair 9 | Mecca City | cloudy 22 | Seoul | fair 25 |
| Atlanta | fair 24 | Bordeaux | fair 24 | Dallas | sun 27 | Hong Kong | shower 28 | Miami | shower 30 | Singapore | shower 33 |
| B. Aires | sun 20 | Budapest | fair 24 | Dakar | sun 27 | Honolulu | fair 10 | Montevideo | shower 31 | Stockholm | fair 12 |
| B. Jham | fair 22 | Bratislava | fair 24 | Dubai | sun 30 | Iceland | fair 17 | Montreal | sun 23 | Sydney | sun 24 |
| Bangkok | thund 38 | Calo | fair 13 | Dublin | fair 13 | Jersey | fair 17 | Montreal | rain 14 | Toronto | shower 34 |
| Barcelona | thund 38 | Carlo | sun 25 | Dubrovnik | sun 21 | Jersey | fair 17 | Munich | rain 14 | Tunis | sun 25 |
| | | | sun 21 | Edinburgh | rain 11 | Kenya | fair 17 | Munich | fair 24 | Tel Aviv | fair 22 |
| | | | | | | Kenya | fair 17 | Naples | thund 24 | Tokyo | rain 22 |
| | | | | | | Kuwait | fair 18 | Naples | sun 21 | Toronto | rain 11 |
| | | | | | | L. Angeles | sun 23 | New York | shower 30 | Vancouver | rain 14 |
| | | | | | | Las Palmas | sun 24 | New York | rain 16 | Venice | sun 22 |
| | | | | | | Lima | fair 25 | Nicaragua | sun 23 | Vienna | sun 24 |
| | | | | | | Lisbon | fair 23 | Oslo | fair 14 | Warsaw | fair 17 |
| | | | | | | London | fair 22 | Pais | sun 24 | Wellington | rain 20 |
| | | | | | | Lisbon | fair 22 | Perth | fair 21 | Whinipeg | sun 18 |
| | | | | | | Lyon | fair 21 | Prague | fair 22 | Zurich | sun 15 |
| | | | | | | Madrid | | | | | sun 22 |

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'Personal gain' may have led to Penguin losses

By Raymond Snoddy

Pearson, the UK media and information group, admitted yesterday that personal gain may have been a motive in the accounting irregularities at Penguin USA which led to a \$100m (\$152m) provision in the 1996 accounts.

Until now, Pearson, publisher of the Financial Times, has said there appeared to be no rational motive for the behaviour of an accounts clerk who was dismissed for giving unauthorised discounts for early payments by book sellers.

Lord Blakenham, in his last annual meeting as chairman of Pearson, yesterday said: "We believe there has been some element of personal gain involved in this matter. We may be making a claim for recovery against one or more third parties."

It is believed that the intricate series of manoeuvres designed to conceal the discounting may also have included a mechanism for siphoning off modest sums. A number of Pearson small investors questioned how such a large sum could have been lost without management or auditors noticing.

Mr John Makinson, Pearson finance director, said as many as 64,000 different transactions were involved with one book chain alone.

Lord Blakenham added that a thorough review had now been completed of all core financial controls and that "nothing has come to light to cause us serious concern". He said that since 1983, when he started working with other retiring directors such as Mr Frank Barlow and Mr Mark Burrell, the company's market capitalisation had increased from \$1.8bn to more than \$10bn, with earnings per share growing roughly twice as fast as the market.

Lord Blakenham's record was praised by Mr John Govett, of Schroder Investment Management, on behalf of institutional investors.

THE LEX COLUMN

Living with Labour

Mr Tony Blair entered Downing street promising to stop the talking and start the doing. But what does he plan to do? The main feature of his skilful campaign was its minimalist content. Now we await the flesh and bones. The key point of departure, however, is not in doubt: "We ran for office as New Labour, we will govern as New Labour," Mr Blair said yesterday. Certainly not all will be rosy in the new Labour garden for investors. But fears of Old Labour "tax and spend" recidivism appear misplaced, not least because Mr Blair is so anxious to be re-elected.

As Mr John Major pointed out, Labour starts off with an extremely benevolent economic inheritance. The economy is growing strongly, inflation and interest rates are low, and unemployment is falling. Mr Blair and Mr Gordon Brown, the new chancellor, have expressed a determination not to squander this legacy. Still, face it early and difficult decisions. The main one is how to head off incipient inflationary pressures without exacerbating existing economic imbalances. While the domestic service-oriented economy is being driven by strong consumer spending, the traded goods sector is struggling under the weight of sterling, which has appreciated by around 17 per cent since last August.

Mr Brown has every incentive to take the harsh medicine early. This will allow him to deflect any blame on to the departing Tories. The easy part is to accept the Bank of England's advice and raise interest rates at the monthly monetary meeting scheduled for Wednesday. The harder bit will be using fiscal policy to slow the economy. Here the main focus will be on the Budget pencil in for July.

Mr Brown should use both policy levers at his disposal. Raising interest rates next week is necessary, and would forestall any concerns that he is soft on inflation. But his efforts should then shift towards measures that can be taken in the Budget. This route has two big advantages. First, it would alleviate rather than exacerbate the imbalances in the economy. Second, tighter fiscal policy would take the wind out of sterling's sails. Markets are currently discounting a 100 basis point rise in rates by the year-end. If fiscal policy takes some of the strain, rates will rise less and sterling will lose some support.

A fall in sterling might fuel inflation, which would be bad for gilties.

But this would be more than offset by raising taxes to cut the structural budget deficit, and taking a more positive line on Europe. UK yields have not seen their premium over German bunds tumble as in other countries which have been more positive about monetary union.

This scenario would also favour equities. Fear of higher rates is weighing on sentiment. If these expectations were lowered, share prices would receive a welcome fillip. There remain, of course, concerns that Labour might trim or abolish the tax credit on dividends, which would be bad for share prices. But given the complexity of this change, it is unlikely to feature in the July Budget. In reality, the size of the tax continues to depend on what it always has depended on: Mr Gordon Brown's finger in the air.

But what of broader regulatory risks? After all, Labour has previously toyed with shaking up the regulatory system - perhaps introducing profit-sharing. However, all the signs suggest these notions have been dropped, and rightly so. Not only is the present system superior in theory, regulators such as Ms Clare Spottiswoode at Ofcom have demonstrated that in practice it has real teeth. And as for specific regulatory risks, such as the danger that the generators' grip on power prices could be referred to the Monopolies and Mergers Commission, these again have little if any connection with the scale of the government's majority.

Utility share prices continue to price in copious margins for precisely these kinds of risk. If anything, the current weakness provides a refreshing buying opportunity after the sector's recent strength.

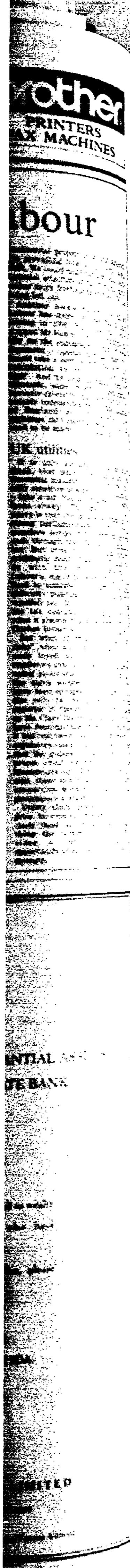
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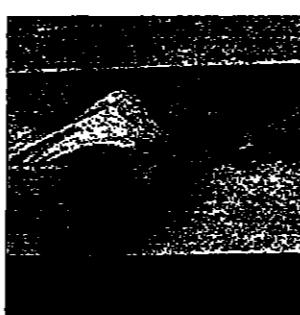
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مکان من التعلیم



Survival in Surinam

'Houses are windowless, built of wood with a thatch of palm leaves and a fireplace under a canopy.'



Stacked high

'You only look like a fashion victim if you can't walk in them and the soles don't flex.'



Soft sell

'After 100 years of screwing up, the government has got its attitude to sex about right.'

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Page III

Make war, not love

Julius Caesar was said by Suetonius to be every woman's man and every man's woman. In his early years, he seems to have been so sexually voracious that Latin warnings equivalent to "lock up your daughters, and your sons" swept through communities visited by Caesar's conquering armies.

Homosexuality was widespread within the armies of ancient Greece. Hoplites, the middle class citizen-warriors who formed the core of the Greek infantry, regularly fought alongside their young lovers in the wars between the city-states.

Thebes went as far as to create a Sacred Band of 300 shock troops, formed from pairs of lovers. Deep emotional ties served to mould the men into a highly successful fighting unit; the Sacred Band played a crucial role in promoting Thebes' military power in the 4th century BC, and went undefeated until its heroic annihilation by Philip of Macedon at Chaeronea in 338BC.

Far from attracting social sneering, this identification of homosexual love and military cohesion in "armies of lovers" was the stuff of legend in the ancient world. Achilles' rage at the death of his lover Patroclus outside the gates of Troy was enough to finish Hector and earn a place in Homer's Iliad.

More recently, homosexuals have fared less well. The rise of Christianity meant that for many centuries the love that dare not speak its name disappeared from military records. Homosexuality was banned in 19th century Britain and early 20th century America. In the 1920s, US recruiters looked for the "stigmata of degeneration" to weed out gays from the armed forces, and homosexuals have been hunted more or less constantly ever since. Despite increasing acceptance of gays in society since the 1960s, the military remains deeply hostile to homosexuality.

While there are divided attitudes to gays in society as a whole, the issue strikes a particularly raw nerve in the world's armed forces. But why should homosexuality cause so much angst in modern militaries? If it was acceptable for Caesar or Alexander, why not in a modern major general? If sexual love was a tool which could forge a deep *esprit de corps* in ancient Greece, why not in the UK or France?

It is clearly not possible to make direct comparisons about military methods and social attitudes across 2,500 years, yet the need to bind fighters emotionally into a unit remains as important today as it was in the ancient world. Many of the techniques used by modern armies to train recruits are designed to promote cohesion between brothers in arms: the military relies on generating a love which can make a soldier lay down his life for his friends.

Yet although there is a range of legal approaches, from active tolerance in the Netherlands to total ban in Britain, armed forces everywhere have a consistent dislike of homosexuality, male and female. At one extreme in Russia, the situation is described as "like the British Army, a century ago. Officially, it doesn't exist. Unofficially, sergeants beat gays up or help themselves

Modern armed forces loathe homosexuals, claiming they weaken fighting units. They say military cohesion is more important than moral considerations. Bernard Gray wonders whether this is right



as the whim takes them." In China, homosexuality is treated, sometimes brutally, as a mental disorder. Even at the other end of the spectrum, in the liberal Netherlands, there are few openly declared homosexuals.

At the same time as promoting strong tribal links between individuals, modern armed forces make watertight distinctions between the bonding of the group and homosexual ties. This may be partly because they seek to ease fears about identity in the minds of young, emotionally inexperienced recruits. Being physically close to other members of the same sex and being encouraged to feel strong emotional links to them may be made to feel permissible if at the same time the young squadrons can insist that he is not queer.

Those who run the armed forces also claim that the modular nature of modern armies means that a soldier's identification has to be with a dismembered tribal notion of the unit, rather than with overly deep personal attachment to a few close friends.

The loathing of homosexuality in modern armies goes well beyond this, however. It is bound up with the notion of what constitutes the group and what is "other". Armed forces are often misogynist and racist as well as homophobic, as the US Tailhook scandal, in which women navy officers were sexually molested by male colleagues, and recent US rape trials involving female recruits and male superiors, graphically demonstrate.

Military units form an idealised image of a group member: those who do not fit that mould, from civilians

to other services to people with ears that stick out, are ridiculed. This sense of exclusivity as a binding force for the group reaches its ironic height in the cap-badge rivalries between units, where members of the same army are condemned as "crap-hats".

In the case of homophobia, this leads to some virulent prejudice: research by the British Ministry of Defence last year uncovered shocking and violent attitudes among service personnel.

"If there were a homosexual on board, he will have an accident waiting for him when no one is looking."

Deep emotional ties served to mould the men into a highly successful fighting unit

said one 23-year-old able sea man in the Royal Navy.

"I would never serve in a unit where a known homosexual is serving and like many others would quite happily smash their faces in if I found any in my unit," claimed a 29-year-old Royal Signals corporal.

And according to an infantry corporal: "The first homosexual to come out will get attacked or shot."

That such homophobic attitudes exist is perhaps not surprising, but the extent of the loathing is remarkable. Almost 90 per cent of male personnel strongly objected

to the presence of gays, with less than 10 per cent prepared to back a more tolerant approach. Many also felt free to voice opinions, such as those quoted here, which imply a preparedness to commit murder.

Stonewall, and other gay activist groups, dispute the methods used in the MoD's survey, and there must be an element of braggadocio about some of the more violent threats. Anecdotal evidence also suggests that service personnel are more tolerant of gay individuals they know personally than their attitude to the abstract issue might suggest.

Even so, there can be little doubt about the intensity of the opposition to homosexuals. This resistance is now the cornerstone of the British MoD's opposition to gays, with officials claiming that over-riding such strongly held views would diminish the cohesion of the UK's armed forces in combat.

Cohesion is vital to the success of modern armed forces on the battlefield: military thinkers agree on the decisive role for the co-ordinated application of force in warfare. The MoD argues that since war is about winning, not taking part, it verges on the immoral to do anything to damage the combat effectiveness of those who risk their lives to defend their country.

Gay lobbyists claim, how-

ever, that there is no evi-

dence of a decline in combat

cohesion of countries which

have allowed homosexuals to serve. This seems to be backed up by a report from the Rand Corporation for the US government, which found that none of the armed forces which had relaxed their rules on gays had

encountered significant problems.

Such bland reassurance may mask more than it reveals. In countries where politicians have forced through change, there is little incentive for the military to argue that it has a discipline problem which it cannot control. In these countries research into the impact of gays on the military has also been discouraged. And the presence of so few open homosexuals in any of the "tolerant" forces hints that many still fear intimidation.

There are also grounds for suggesting that even where

Should we not say: "This will be unpopular but we are going to do it because it is right?"

social attitudes have shifted, and legislation is strong, military prejudice can prove hard to eradicate. Incidents of sexual harassment, such as Tailhook, and the "pervasive racism" in the US military unearthed by the Office for Public Management in a recent investigation, hint that gays may not find life easy if British law on homosexuality is changed.

Yet even if there is an impact on military cohesion,

even if gays are bullied, even if some in the military feel that they would have to put up with people they find repugnant, there remains a

strong moral case for change.

At present, *de jure* in the UK and *de facto* elsewhere, homosexuals are being told that they are not welcome in the military on the quasi-arbitrary basis of prejudice against one aspect of their identity. Most homosexuals, like most heterosexuals, do not wish to join the armed forces. But for those who do, this bar is an infringement of their right to serve.

Even those who do not want to sign up say they feel less a part of a society which will not accept them as fit to die for their country. The prospective harm to the military must be great to justify such inequality.

Ironically, the treatment handed out to gays who have been expelled from the military in the UK further weakens the MoD's case for a continued ban. Since there is usually little evidence to prove someone's homosexuality, the UK's Special Investigating Branches have relied on confessions, often brutally extracted.

Duncan Lustig-Prean,

a former Lieutenant com-

mander dismissed from the

Royal Navy because he was

gay, was asked in an inter-

view typical of its type: "Is

this a picture of your dog?

Do you have sex with it?"

There are numerous exam-

ples of similar insults. Even

if the ban could be justified

on military grounds, tolera-

tion of such behaviour by

those who run the military

could not, and this brutality

undermines the claim that

the current system is well

disciplined.

The new government

elected in Britain on Thurs-

day faces challenges to this

policy over the next year as

cases in the European courts

administration and Pentagon chiefs is slowly being strangled by its own contradictions. What happens to gays who are discovered in US forces, and the lack of clarity over whether the military is tolerant or not, means that gays are continuing to leave the military while the threat of legal challenge mounts.

Inherent in all of this is a collision of public goods: a clash between what constitutes an effective military, and the right of the individual not to suffer discrimination. It drags in the uncomfortable notion that armies may refuse to learn tolerance. That these goods may not be reconcilable, that it may not be possible to have a military which happily includes women, ethnic minorities and gays in an optimal fighting force. That societies may have to choose.

Unfortunately, the issue seems most likely to be thrashed out in the courts in narrow legal arguments, rather than as an open debate within society about the kind of communities western democracies wish to be. Governments, scared of conservative reaction, may let the judiciary make the tough choices for them.

While such stuff is the everyday currency of low politics, it seems too mean an attitude to an issue which is, above all, a declaration of principle. Rather than being dragged into change, it would surely be better to make a choice which says: "Yes, this will be deeply unpopular, and yes, it may damage our military effectiveness, but we are going to do it because it is right."

Western society is not

threatened by a monolithic enemy which demands the sacrifice of moral rights to expedience. Nor is it besieged in the war of ideas.

Its biggest challenge is to fulfil the promise of its own open and plural nature. It is time to show the grace and tolerance which all of the fighting was supposed to defend.

come to a head. A number of other European governments are privately terrified that their cosy avoidance of the issue will be fatally undermined by a binding court ruling that homosexuals must be treated equally.

In the US, the uneasy "don't ask, don't tell" compromise between the Clinton

and the Republicans has

come to a head. A number of other European governments are privately terrified that their cosy avoidance of the issue will be fatally undermined by a binding court ruling that homosexuals must be treated equally.

Such bland reassurance may mask more than it reveals. In countries where politicians have forced through change, there is little incentive for the military to argue that it has a discipline problem which it cannot control. In these countries research into the impact of gays on the military has also been discouraged. And the presence of so few open homosexuals in any of the "tolerant" forces hints that many still fear intimidation.

There are also grounds for suggesting that even where

strong moral case for change.

At present, *de jure* in the

UK and *de facto* elsewhere,

homosexuals are being told

that they are not welcome in

the military on the quasi-arbitrary basis of prejudice against one aspect of their identity. Most homosexuals, like most heterosexuals, do not wish to join the armed forces. But for those who do, this bar is an infringement of their right to serve.

Even those who do not want to sign up say they feel less a part of a society which will not accept them as fit to die for their country. The prospective harm to the military must be great to justify such inequality.

Ironically, the treatment handed out to gays who have been expelled from the military in the UK further weakens the MoD's case for a continued ban. Since there is usually little evidence to prove someone's homosexuality, the UK's Special Investigating Branches have relied on confessions, often brutally extracted.

Duncan Lustig-Prean,

a former Lieutenant com-

mander dismissed from the

Royal Navy because he was

gay, was asked in an inter-

view typical of its type: "Is

this a picture of your dog?

Do you have sex with it?"

There are numerous exam-

ples of similar insults. Even

if the ban could be justified

on military grounds, tolera-

tion of such behaviour by

those who run the military

could not, and this brutality

undermines the claim that

the current system is well

disciplined.

The new government

elected in Britain on Thurs-

day faces challenges to this

policy over the next year as

cases in the European courts

come to a head. A number of other European governments are privately terrified that their cosy avoidance of the issue will be fatally undermined by a binding court ruling that homosexuals must be treated equally.

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PERSPECTIVES

Steve Wilsher has the kind of job little boys dream about. One afternoon he is experimenting with powder and milk to create tiny mushroom clouds for a feature film; the next, he is making a sculpture for a satellite television company logo.

For the past 20 years, he has been running Creative Effects, which makes special effects for commercials for television companies and the cinema, and trophies for television and advertising ceremonies. At the back of his workshop are the remains of a Swiss mountain stream used in a recent commercial for Mozzel, a Norwegian grape and apple drink: two polystyrene 2ft by 2ft tanks, a polystyrene "mountain" and six bags of pebbles.

In Wilsher's workshop is an inflatable "2", used for self promotion by BBC2 between its programmes last year. And on the floor can be found a box of 90 white plates, joined by bird tips. The plates spin together and form BBC2's new symbol. He has also made masks for horror films, such as the BBC Frankenstein series, created burnt-out cars, bags of spoof blood and graphics for the Open University television programmes.

Wilsher says his job requires mechanical and chemical knowledge, and plenty of creativity. "Engineering know-how is essential, but not always. Sometimes you fly by the seat of your pants, for example when we joined the plates together with bird tips."

The last 12 months have been the best in the company's history. In the year to February 1997, Creative Effects made pre-tax profits of £50,000 on turnover of about £100,000, an increase of 15 per cent from the previous year when the company made £42,500 before tax on turnover of £85,000. Next year, he expects turnover to be between £115,000 and £120,000.

Creative Effects has benefited from the increasing fragmentation of the television production industry. But Wilsher also puts the company's improved profits down to its conscious effort over the last three years to



From birds, plates, polystyrene and just about any old rubble, Steve Wilsher and team can create visual extravaganzas

Wilsher's main problems concern people rather than materials. Each big project invariably requires the workforce to expand from six permanent employees to around 15. The hours can also be long, from 8.30am to early hours the following day. Wilsher says this is one reason he moved into premises only five minutes' walk from home.

"The amount of effort needed to achieve the result is tremendous," he says, "and it's difficult to make sure you're at your best when you've hardly slept for several nights. It's very easy to make mistakes."

Another hazard is petulant production company directors. "Most of our business is done on trust," he explains. "Until we've been paid, the director can simply turn around and say 'this wasn't what we discussed', even if it was. Assessing the client is very hard - the most charming can be utterly unreliable."

In an industry where reputation and word of mouth is crucial, Wilsher has to tread carefully with even the most difficult of clients. He is convinced he can only maintain his reputation while he has his finger on the pulse and so has deliberately kept the company small.

"The more you expand, the less control you have," he says. "I don't want to lose the essence of my company. People come because they know Tim and I are here."

He has also maintained the family touch - his mother makes sandwiches every day at lunchtime for all the employees and there is a fully equipped kitchen upstairs for their use.

Despite keeping the business fairly small, Wilsher says he worries that the amount of time he has to spend running the business can detract from his creativity. But his dedication to his art holds him in good stead, and he says he is proud of the fact that his team can make anything on time and within budget. "We can work from a pile of rubble and make something pristine and beautiful."

■ *Creative Effects, Church Road Studios, 30 Church Road, Teddington, Middlesex, TW11 8PB, Tel 081-943 1066.*

Minding Your Own Business

Behind the bloody masks . . .

. . . is plenty of hard work and lots of creativity, finds Heather Farmbrough at a special effects company

pay scrupulous attention to detail.

"We've constantly checked ourselves to make sure we were as effective as we could be," he says. "This is a knife edge business: if we make one small mistake which costs our clients several thousand pounds, that's it."

Wilsher admits to having had plenty of sleepless nights worrying about where the next month's work will come from. When the company moved into its current premises in 1995, orders slowed inexplicably for several months. And on more than one occasion, to cover

short-term capital requirements, he has had to give personal guarantees on bank loans, which he says he found deeply worrying.

The company's origins go back to 1971 when Steve, who graduated from Hornsey College of Art and Design with a diploma in Industrial design, was made redundant from his job as a motorcycle designer with BSA, Birmingham Small Arms.

"My last and only proper job," he says wryly. A friend who worked as a set designer introduced him to the BBC and Wilsher started

making occasional special effects from his parents' garden shed in Ealing, with the help of his father, Godfrey.

Tim Lamont, an old school friend, also started helping out as Wilsher took on more work in the 1970s. When his parents decided to buy a small workshop in Kew for their cycle business, Wilsher and his wife Lizzie moved into the flat above. He continued to make special effects in the workshop on an ad-hoc basis while also helping his parents out. But in 1977 he decided finally to establish his own company. Lamont took a two-year art

and design foundation course at Kingston to gain a formal training, and Wilsher's mother and father joined the business full-time to run the office and do the accounts.

The business grew steadily throughout the 1980s and early 1990s, and in 1995 Wilsher bought a 3,500 sq ft Victorian former dance school, for £170,000. The building, which has previously hosted the Teddington Working Men's Club and a police station, is also allegedly home to a ghost, an appropriate source of inspiration for Wilsher's more

ghoulish effects.

The building comprises a 620 sq ft studio which Wilsher rents out to production companies for £250 a day, and the main workshop, which is roughly the same size. The tools of Wilsher's trade include equipment one might find in any small engineering business - lathes, drills, a vacuum-former currently producing gold ingots, and a spray booth.

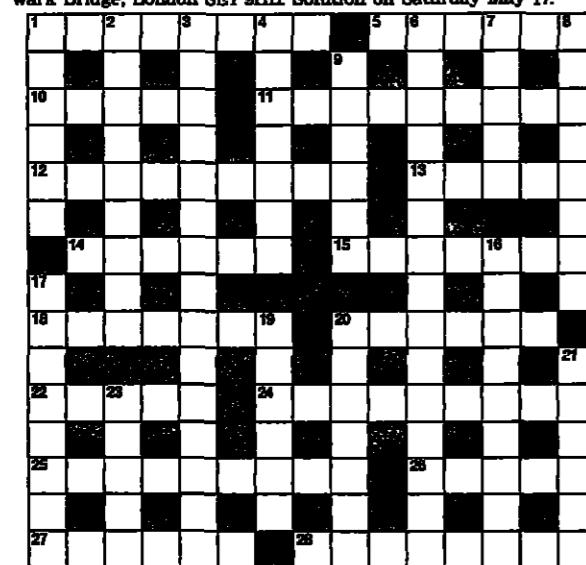
Machinery accounts for Wilsher's biggest expenditure to date, in some years amounting to £300,000. He manages to keep costs down however by hiring equipment for the more specialised effects when required, such as a Volkswagen engine to create a wind effect.

The relaxed atmosphere in the workshop belies the serious side of the business. All machinery conforms to national and EU safety requirements and the workshop is inspected by Health and Safety Executive officials. Wilsher also insists that employees wear respirators, ear-muffs, goggles and protective clothing for particular projects. His safety record is unblemished and he wants to keep it so.

CROSSWORD

No. 9,365 Set by CINEPHILE

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and four runner-up prizes of M200 Pelikan fountain pens. Solutions by Wednesday May 14, marked Crossword 9,365 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday May 17.



Name _____

Address _____

- ACROSS**
- Incapable of excitement at very large incomes (6)
 - Large helping of puppet work (6)
 - Boredom for some's given nuisance to others (5)
 - Moments before start of 7s out of Ulster district (5-4)
 - Leave your car at the sign - slow mover outside - it won't go without me (5,4)
 - Number with remainder on top (7)
 - Old man making a lot of noise with Roman boy around (6)
 - Some fundamentalists are prohibitionist... around Rabid (7)
 - Water drinker gets a bit of bubbly from conductor (7)
 - Interferes with doctor in case (6)
 - Mopped up has the backing of many including the FT (6)
 - Volatile rather than heretic (9)
 - Signature of author, all but the last page removed (9)
 - Crimean man supplying printer (5)

Solution 9,364

Solution 9,353

STEADY PLEASURE
ON DRY PIVIN
HEDDIE DEHEDD
EAT THE HED
FARADHY SANVOUR
Z Y A E G N E
EVER EVIDENCED
S G A E L S R E
ACCRUAL BARD
M S C Y R C L I
UMPIRE IGNORANT
REBEL LMR
DIMINDED CLICHIE
ENIA LIES
HIGHFELD VERSIES

WINNERS 9,363 Dr S.W. Kemp, Yeovil, Somerset; J. Anglow, Farnham, Surrey; B. Lovett, Wembley, Middlesex; F.E. Linforth, Fuengirola, Spain; Mrs G. Pickles, Stratford upon Avon; C. Verrier, Brightlingsea, Essex.

CHESS

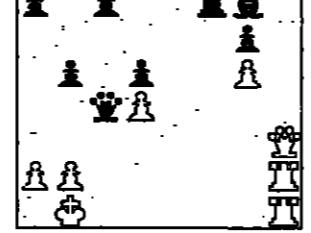
Garry Kasparov, who sees himself as a bastion of human thought against the advance of chess playing computers, takes on his most important silicon challenge this afternoon when his six-game, \$1.1m return series against IBM Deep Blue begins at 2.00 and 4.45, despite his celebrated defeat in the first game of the 1996 match. Deep Blue is part of computers at five-minute blitz chess and at 25-minute rapid-play, but he won two previous matches against Deep Blue and its predecessor Deep Thought by 2.0 and 4.4, despite his celebrated defeat

in the first game of the 1996 match. Deep Blue is part of IBM technology which is applied in pharmaceutical development and astrophysics research. It calculates 200 moves a second, but its team of five scientists plus the grandmaster Joel Benjamin realise that their main problem is Kasparov's skill in exploiting DB's horizon effect, the machine's inability to judge a long strategic sequence.

IBM's internet site (<http://www.chess.ibm.com>) has boosted its capacity which was overwhelmed last year by millions of fans seeking to follow the match move by move. I expect Kasparov to win 4½-1½, but computers are ruthless against casual

players, as in this game where a Chinese grandmaster tries a dubious opening (Kallisto v Ye Romguang), 1.e4 e5 2.Nf3 Nc6 3.d4 exd4 4.Nxd4 Nge7? 5.Nc3 Nxd4 6.Qxd4 Nf6? 7.Qe2 g6 8.Bd2 Bg7? 9.Nd5! d5 10.Bxh2 10.Bc3! 10.Bc3 f6 11.f4 Be6 12.Bxf6 Bxf6 13.Bxd5 Qd7 14.f5 gxf5 15.exf5 Qe7? 16.Bxe6 Nde5 17.Q-e2 Nxe6 18.fxe6 0-0-0 Rf5 c6 20.Bd4 Ra6 21.Ra1 c5 22.Bc3 h6 23.Qg3 Kh7 24.Qd3 Kh5 25.Bd2 Qe7 26.Rh5 f5 27.Bxf6 Bxf6 28.Rxh6+ Kg7 29.Rh7 Resigns.

No 1175



M. Chandler v F. Nijboer, Lloyds Bank 1992. White (to play) was short of time, and while searching for a win after 1.B6 Rf4 his clock flag fell. Can you suggest a less tragic finish for the grandmaster?

Solution Page XXII

Leonard Barden

BRIDGE

If you declined to vote this week, here is a second example of finding yourself in the enviable position of not caring which side wins.

N
A K J 6 5 2
V 4 3
A K Q
A J 2

W
9 3
K Q 10 7 5
8 5 2
9 4 3

E
4
J 9 6
K 10 6

South opened 1S and North correctly jump-shifted to 3D. A jump shift is a fine prelude to slam investigation, but only when the responder knows which suit will be trumps. To jump with a strong hand but no fit will waste the bidding space required to determine the best contract.

Here, however, North can agree spades at his next turn, and 6S should be

reached without difficulty.

With a certain heart loser,

discovering the position of Q5 seems to be the key.

There is no need to agonise

however, as good technique

will force East-West into

revealing its whereabouts.

Winning K9 lead, South

should draw trumps, and

eliminate diamonds from

both hands by cashing all

three rounds. This simple

process prevents the oppo-

nents from safely leading a

diamond later. Declared now

loses the lead by playing his

other heart - leaving no

hearts in either hand also.

Often, it is important to exit

into one opponent's hand

rather than the other, but here, he is supremely uncon-

cemed.

Whichever opponent finds

himself on lead will be

forced to lead either a club -

providing a free finesse, or a

red suit which allows

declarer to ruff in one hand

and discard the club loser

from the other.

Scientists are not only excited by the potential practical applications. They also believe that MACs will be valuable research tools for the next stage in the International Human Genome Project - moving from mapping and identifying genes to understanding how they work together to cause disease.

Huntington Willard, leader of the Case Western Reserve University group that produced HACs in collaboration with Athersys, says the most difficult part was to make functioning centromeres

that remained stable through multiple cell divisions.

While Athersys is aiming its HAC straight at human gene therapy, Chromos is taking a more cautious approach.

The Athersys/Case Western Reserve HACs are mini-

chromosomes, about one-

The Nature of Things

Artificial ambitions

A 47th chromosome may one day be possible, says Clive Cookson

The nucleus of every cell in our body contains 46 structures that look under the microscope like sausages made by a drunken butcher. They are the chromosomes, containing the 80,000 or so genes that control our development as individuals from conception to the grave.

Today, anyone with more than 46 chromosomes per cell - arranged as 23 pairs - would be seriously ill. But in a few years, people may be given extra chromosomes as a treatment for disease. Scientists have recently taken a big step in this direction by making the first mammalian artificial chromosomes (MACs) and human artificial chromosomes (HACs).

Present techniques for inserting new genes into cells - to create transgenic animals or carry out gene therapy in humans - are very crude. Whether the genes are micro-injected into a newly fertilised egg or carried into cells by specially adapted viruses, there is little control over where they go. This hit-or-miss approach is partially responsible for the disappointing record of gene therapy trials so far.

The attraction of MACs is that, instead of being inserted at random into the nucleus, new genes could be wrapped up in a special chromosome with its own machinery for maintaining and replicating DNA.

Two biotechnology companies, Chromos and Athersys, have reported the successful production of experimental MACs within the past year, in collaboration with academic researchers. And Henry Geradts, chief executive of Vancouver-based Chromos, estimates that a dozen other academic research groups are working on mammalian artificial chromosomes.

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The first artificial chromosomes were made in yeast

more than 10 years ago, and these YACs have become an essential tool for genome research. They were prototypes for the new MACs, which are much more complex constructs.

A human or mammalian chromosome requires three components to function properly:

- Telomeres are DNA caps on the ends of the chromosome with a similar role to those on a shoelace - to protect the main structure from damage.
- The "origin of replication" is a stretch of DNA that initiates the process in which the chromosome reproduces itself.
- The centromere is a DNA structure in the middle of the chromosome that plays a vital role when the cell divides. It seems to be an attachment point for the protein fibres that pull the duplicated chromosomes apart.

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PERSPECTIVES



Joe Rogaly

No spot on earth will be Microsoft-free

Klingon businessmen and their satellites make it vital that we devise a new way of running the world

We have to face the truth. The Klingons are taking over. They are no longer trying to hide their intentions. How else can you explain their multi-billion dollar scheme to launch more than 300 communications satellites, starting in the year 2001? This army of messenger-robots will carry information between corporations, across boundaries. It will bypass governments, circle the globe, reach into every telephone, every private domain, know everything.

You will have read about this ingenious strategy over the past few days. The key participants are Bill Gates, founder of Microsoft, and Craig McCaw, who acquired something approaching a dozen billion dollars when he sold his cellular phone business in 1994. All right, so they are not

Klingons not in outward appearance anyhow. Just tell yourself they are a couple of friendly humanoid multi-billionaires. If that brings you closer to them than you are to the aliens in Star Trek, good luck to you.

Did I say aliens? Mr McCaw is a mystery to me. So is Mr Gates, but in his case there is a familiar feeling about his presence. Let us digress for a moment, and you will see what I mean. Just eight days ago I was in Johannesburg, visiting a senior African National Congress politician, a man with the impeccable credentials of having done time on Robben Island with Nelson Mandela. "I just took a call from Bill Gates," said our host, a hint of pride on his face. "He has plans to bring computers into every part of Africa." See? There is nowhere that can be called

Microsoft-free, no spot on earth to which Mr Gates cannot beam himself down.

The emperor of the nerds' arrangement with Mr McCaw is stupendous. The pair have persuaded Boeing to pay \$100m for a tenth of Teledesic, the company that will own the new satellites. Its network, aloft and omnipresent, will serve millions of users simultaneously. Their devices will be able to communicate with one another 60 times faster than the modems in contemporary personal computers.

Simply rehearsing this prospectus makes us dizzy. What, I wonder, would happen if there was a hook-up to surveillance cameras? The answer is too easy to imagine. Yet we need not be conspiracy theorists to feel the power of the Klingons. In the FT account of the deal with Boeing

the chief executive of Teledesic was quoted as saying the new service "will offer the same performance in Africa as it does in the US". A little shiver went down my spine as I read that.

We will not weary you with further details. Just let us say that the good-gosh news from Teledesic will not end with Boeing's purchase, or its appointment as prime contractor for the design construction and launch of the proposed fleet of low-orbit sputniks. That is merely a symptom. The nub of the matter is that the capacity of electronic gadgets to carry information is expanding faster than our ability to make good use of it.

When all the currencies on all the screens of all the dealing rooms on the globe have been turned over once, what then? Spin them around monthly?

Weekly? Daily? Continuously? It will be the same when it comes to shipping commodities or manufactured goods, siting factories, exporting or importing jobs.

Think about it. At 1997 prices, charges for the use of telephone and satellite links are historically low. Companies place their screen-based operators wherever they are cheapest to hire. The cost of calls continues to fall. It will surely plunge heading

naturally to where the laws are most amenable. This journey away from the rule of law will be accelerated by the new network. The chances are that during the coming decade the boards of the planet's 100 largest companies will become more powerful, more relevant to individual lives, than the governments of the 100 largest countries.

I am not one of those who snarl and spit whenever the words "multinational corporation" are uttered. The workings of any market can be benevolent, given a modicum of decent regulation. But homo sapiens is weak, easily corruptible. Put one of us in charge of a tobacco company and we will sell most where the anti-smoking movement is least forceful. Sales are what drives business. We will

choose where to do what. They hawk artificial milk to third-world mothers, if we can.

We are witnessing the start of a greater triumph for the free market than the proponents of capitalism can have dreamed of. The relevance of government is becoming more difficult to define. Nation-states still exist, but their power is circumscribed, diminishing. Heaven knows what can be done about this.

When someone tells you that what we need is world government you know you are in the presence of a nutter. Nothing so outlandish will be heard here. But simple common sense tells us that laissez-faire is not good enough. Better to foster tough international laws, agreed between governments. That might protect individuals, if a way could be found to control our new corporate masters.

Heaven. Everything was idyllic, except we'd go to bed and it'd be over in two or three minutes. I didn't have any skills, I hadn't read any books - you couldn't get them.

Sonia hovers by the table, apparently unmoved at the turn our conversation had taken. "I'll have a cappuccino," he says.

He goes on to tell me about an unfortunate experience he had with an Ann Summers sex aid called a Romeo. Far from concluding that his goods are faulty, he insists they are worth every penny if they succeed in getting couples to talk about their failures.

Suddenly he breaks off and says: "If you worked for a woman's magazine, we could have a good discussion." But, this being the Financial Times, we start to talk instead about his developed - over-developed - skills as a negotiator.

"There was a sad situation where a little pottery company was making mugs with a penis in them that stuck up when your cup was half empty," he says. I glance down at my cup which looks reassuringly normal.

"It was a very successful novelty line, but I negotiated so hard that eventually the company went out of business."

As we continue talking about money it becomes clear that Gold is more concerned about making and saving money than spending it.

"I don't like being extravagant. I couldn't buy a designer label. I buy Marks and Spencer's." He opens his navy blazer and shows me the label inside.

"My home is modestly decorated. I wouldn't want to knock David Sullivan's home, but I wouldn't have gold taps I mean, not solid gold. I wouldn't even think of it."

Suddenly he starts to talk about his brother, about how he has become the main force behind the business and how wonderful he was when Ralph Gold's beloved second wife was dying of cancer. To my alarm I see he has started to cry.

"Anyway," he says, clearing his throat. "Let's have some water. Sorry about that. It was such a sad time. I get so emotional."

"Tears dried and drinks drunk, we get the bill which Gold insists on paying. As he drives me back to Whyteleafe station he asks if I would like to come to a black-tie party he is giving near Tonbridge to celebrate the book."

"I am going to make it up-market as I can. You'll meet all my friends. You must come. You can bring your husband."

"Good as Gold," Robson Books, £16.95.



Ralph Gold: "Now, people realise their wives don't mind about our girls. The wives might have a look themselves"

Fergus Wilson

'After 100 years of screwing up, the government's attitude to sex is about right now'

my side," he explains as he leads me to the car park. He clicks his key ring and his blue Daimler unlocks itself. "I hope you're not a feminist," he says. I say nothing, and he doesn't press the matter.

In the car he warns me that Sonia, the hotel to which he is taking me, is likely to be empty. "They are such lovely people, but they don't get any business."

Indeed, when we get there the only person in the restaurant is Sonia herself. Gold greets her warmly.

"This is Judy," he says, introducing her. "I bring a different lady here each time I come." They both laugh.

We walk across the garish patterned carpet to the far corner of the large, deserted dining room. "What I will say to you, Judy," he tells

me, "is that Norma likes me in a hoarse whisper as we settle ourselves down with a bottle of water, 'is that right now I have reached the pinnacle. I've got £200m. I've got a wonderful family. I have a wonderful relationship with my girlfriend Diana,' he thinks again, "Diane."

The chef approaches holding up a melon. Gold says that we will have that, and then asks if I like Dover Sole. I say yes, and that settles it.

"You know, for the book I wrote 1,027 pages," he says. "It was more than Churchill's autobiography!" He offers to show me the full version in his office later, but I insist that after reading the 430-page version I have got the gist.

Over the melon he tells me that girlie magazines have never had it so good. "After 100 years of screwing up, the government has got its attitude about right to sex."

He claims that every member of the Establishment has always loved his magazines; the problem has been their fear of what their wives might think. "In the past, if John Major liked our girls he would perhaps have been reluctant to let Norma know that, and to prove that he wasn't interested himself he would stamp down on them. But now people realise their wives don't mind. The wives might have a look themselves - they are not bothered."

I try to imagine Norma flipping through her husband's magazines, but do not manage it.

The business, he explains, is like chocolate, and the best way of making sure that people do not over-indulge is to let them have as much as they like. "If you went to work in a chocolate factory, you might have the odd choc, but you wouldn't be that bothered."

But that is no argument for opening the gates to hard porn, which he sees as a different market. "If we were like Holland, totally free, I would still have my own personal guidelines. I wouldn't

have anything depicting pain, or anything that is linked with animals. Anything involving children is a disgrace."

I say that chocolate factory or no, one argument against girlie magazines is that they encourage men to think of women as sex objects.

He looks incredulous, as if he has never heard this backhanded argument before.

"To my surprise, it is nice. Lovely, in fact."

"As we eat, or rather as I eat, he tells me about how his magazines and products have helped his own sex life."

"When I was married to Joany, my first wife, we had a caravan, we'd go there for the weekend. I called it Blue

year-old boy I couldn't get hold of any sexy magazines."

"Being a successful amateur boxer did not help, as in those days sex and boxing were believed to be incompatible."

"When I was married to Joany, my first wife, we had a caravan, we'd go there for the weekend. I called it Blue

women to lead a moral life, a caring life. It allows them to relate to other fellow beings on terms of equality and harmony. It gives them the confidence to create self-directed, self-reliant communities.

I could go on, but what I want to stress is that although *swadhyaya* might seem peculiar to India, its essence is global and universal. Its essence cannot be limited by divisions of culture, language, race or religion.

Swadhyaya is a vision of human possibility, but the motivation has to come from within people who have the urge to change and to join with others, wherever they may be.

On Tuesday, Pandurang Shastri Athavale, who was born in Bombay in 1920, will receive the £750,000 Templeton Prize for Progress in Religion.

Truth of the Matter

Give with grace, receive with dignity

Lead a moral and caring life with the help of swadhyaya. Pandurang Shastri Athavale explains

Many people want to know how I came upon the idea of *swadhyaya*, today practised by 20m Indian farmers and fishermen in 100,000 villages.

Swadhyaya is based on the recognition that God is the source of all life and dwells in every human being. It is a life-transforming world view which encourages self-esteem, the dignity of all, and the discharge of gratitude to God through work-oriented devotion.

I was deeply disturbed by the human degradation I saw around me, by narrow self-interest which generated inequalities, injustice and hatred. Like many others, I could see the causes but found no satisfactory answers in the various "isms", models and institutional arrangements that claimed to have answers. The cures only aggravated the disease.

The two dominant ideas, liber-

al-capitalist-welfarism and socialism seemed only to reinforce the exploitative structures that widen the gulf between the "haves" and the "have-nots" within and between nations. Human dignity suffers whether the intervention comes from private charities or government subsidies.

While the capitalist model brings concentration of wealth, worsening class conflict and gross commercialisation of human relations, the socialist model suffocates individual creativity and initiative. Neither ensures the popular participation needed to overcome

misguided development.

For me the turning point came when I saw how the God-centred world view was being devalued by the man-centred one. Quite early in my work, I concluded that much contemporary misery was due to the absence of a spiritual dimension to our lives.

What was needed was to instil the idea of God as a constant companion. Only that understanding could give us the sense of being one with the divine and worthy of self-respect. I exist because God exists; I am related to everything in the universe because our creator is the same. The idea of one divine family,

of being children of the same God, will remain hollow if it is not put into practice. What comes in its way is the gulf between the "haves" and the "have-nots" and the multiple disabilities from which the "have-nots" suffer.

I always felt that although the rich and the poor share an equally charitable disposition, the poor feel helpless and lacking in confidence. Our work-oriented worship has to be based on reason, advance our spiritual growth, express gratitude to God, and become a powerful social force.

To this end we devote a day or two of our time and skill in collective projects as an offering to God. These projects range from farming and fishing to water conservation and sanitation. The needy benefit without having to feel small, as it is their devotional offering blessed by the Lord.

We call it "impersonal wealth". It is vastly different from enterprises such as co-operatives, communes and the self-help initiatives of voluntary groups because its motivational force is so different. Impersonal wealth belongs to God and its recipient takes it as

divine benediction. He or she pays no interest and signs no deeds.

Today, the production and distribution of "impersonal wealth" runs into millions of rupees and is totally self-generated. It is free from the feelings of superiority or inferiority which occur with charity and from the dependency syndrome of state welfare schemes. The divine and graceful nature of such giving and receiving under *swadhyaya* auspices is totally different from the dry exchanges of the marketplace, which lack grace, warmth and emotional bonds.

Swadhyaya helps men and

PERSPECTIVES

Out of lobster, steaks and time

Restaurateurs seem to have been first to evacuate Zaire's capital, finds Michela Wrong

It seemed like a good idea at the time. "Why don't you write a restaurant guide to Kinshasa?" my editor had suggested. "It would be a nice change after all the gloom and doom coming from Zaire."

So, with the rebels advancing on the capital, I determined to put the delights of Kin-la-Belle to the test. A few gourmet meals at the Financial Times' expense would compensate for the not entirely enjoyable experience of sitting in a jittery capital, waiting for President Mobutu to choose whether to emulate the Shah of Iran or Adolf Hitler in his style of political exit.

Thanks to the spoilt Zairian elite's disinclination to miss out on the finest Europe has to offer, Kinshasa is undoubtedly one of the best eating spots in Africa. But fashions come and go, of course, and these days security is a factor in choosing your dining spot.

Perched on a hill overlooking the Zaire river, Le Refuge used to be a favourite with the "mouavandiers" - the presidential supporters whose villas are clustered in the Binza district. But now that everyone is readying for

an emergency boat trip across the river to Congo, the hotels and restaurants in the city centre are definitely back in vogue.

At the top end of the scale is the Caf Conc - which specialises in fresh lobster - closely followed by L'Orangerie, La Chouette and the Golf Club, all offering impeccable French cuisine and wines at obscenely high prices.

At a more affordable level, the Hotel Menning twice a week serves up a choice of moules marinières, served Belgian style with chips and mayonnaise, or fresh oysters flown in by Sabena and kept alive in bubbling water tanks in the lobby.

If you don't mind being accosted by the Amazonian whores of Kinshasa, the Savannah has the most tender steaks in town and Domino's, on the main drag, specialises in "cosses-cosses" - prawns from the port of Matadi - served in a robust garlic sauce.

I opted for the Jardin des Saveurs, opened a few years ago by a Belgian who fled Rwanda's genocide. My guest was a businessman who had recently been given strict orders by headquarters to go nowhere without two

armed bodyguards from Europe.

The restaurant was just round the corner from the hotel, so the bodyguards were told to waive their usual reconnaissance trip. But as we drove down the dark, winding lane in the businessman's rather impressive armoured car, it became clear something was wrong. There were no lights visible and so we kept driving. Finally, we entered a compound dominated by an

Asked if this was the restaurant, the soldier's face went blank

elegant white villa.

An armed soldier approached - nothing strange about that as most Zairian restaurants hire soldiers as guards. What was worrying, however, was that he was telling us aggressively to reverse, switch off the engine and get out of the car. A barrier we hadn't noticed on arrival had sud-

denly closed behind us.

Asked politely whether this was the restaurant, his face went blank. He clearly had no idea what we were talking about. He wanted us out of the car, and, by the tone of his voice, preferably spread-eagled on the ground with our hands behind our necks. But the bodyguards were telling us to keep the bullet-proof doors locked and stay inside.

As negotiations opened and the tension ratcheted its way up the scale, the truth emerged. The Jardin des Saveurs had closed a few weeks ago. Fleeing yet another African war, the owner had relocated to Brazzaville, where he was no doubt making a killing off the American, Belgian and French troops stationed there in preparation for an evacuation.

We had overshot the deserted building and driven straight into the supposedly well-defended courtyard of one of President Mobutu's many houses. The barrier was open because the guards were expecting "the children" - members of the president's extended family - back at any moment.

Our story was just too bizarre to be true, you could

almost hear the soldier thinking. He had committed a *fauz pas* by allowing us in. He was not about to make another mistake by allowing us out.

The bodyguards were getting itchy. They were regretting not having carried out a preliminary check. Reinforcements could join this solo soldier at any moment and then the situation would be out of control. "OK, now that's enough talking, shut the door," said one. He had decided to blast through the barricade.

It was then that our businessman showed that decades of international wheeling and dealing had not been in vain. Leaning out of the car and fixing the soldier with an expression of child-like sincerity, he apologised abjectly for our gross, insensitive behaviour, begging him to show extraordinary magnanimity and allow us to leave.

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Our story was just too bizarre to be true, you could



Kinshasa: mouthwatering bargains - but a night out is no fun

Patrice Pictures

safe to venture outdoors after sunset.

In the Hotel Intercontinental's parade, the designer shops are holding "everything must go" sales, trying to clear stocks before the looting that traditionally precedes the rebels' arrival.

Our little cortege was a sign of the times. Since our sortie, the atmosphere has deteriorated. Defeated troops are streaming into the city, cars are being hijacked in the centre and it is no longer

safe just one bag for evacuation, expatriates cannot permit themselves a shopping spree.

Kinshasa's restaurants and lively nightclubs are empty. In any case, I am saving my cash for the evacuation. But if I end up in Brazzaville, the Jardin des Saveurs will certainly be my first port of call.

Rebirth for the giants of the sky

Sixty years after the Hindenburg disaster, fascination with airship travel lives on. Sebastian O'Meara reports on plans for new zeppelins

We were about 60 metres above the ground when I felt the first shock. Then we started falling, and just before we hit the ground I was hurried out sideways. I must have passed out for a few seconds, because the next thing I remember is running away from the burning ship as fast as I could. It was all over in about 30 seconds."

On May 6 1937, Eugen Bentele, a young mechanic on the Hindenburg was one of the lucky ones. Thirteen crewmen died, as well as 22 passengers. Pictures of the disaster were flashed around the world and the era of airship travel was over.

But the experience was not enough to put Bentele off airships. "Travel by zeppelin was adventure. We were over the Atlantic once, a few hundred metres up, when the order came through to slow the engines. I could see something happening in the water up ahead, and as the captain brought the ship down I could see the water was all churned up and full of blood.

And there was a whale, getting attacked by lots of fish about a quarter the size. It was only after that I found out they were killer whales."

Bentele lives on a quiet side street in Friedrichshafen, on the shores of Lake Constance in southern Germany. On a clear day you can see the mountains behind the lake, and tourists flock here in the summer. But it is also the birthplace of the zeppelin. Inside the new Zeppelin museum, visitors watch films of cheering

'In a time of frantic technical progress, we're rediscovering how to take things slowly'

me, when I ask him about the zeppelin's enduring hold on the public imagination. "It must have been quite a sight, this massive machine droning along, blocking out the sunshine as it moved across the sky. And it was an obvious national icon for a resurgent Germany."

That is certainly what the Nazis thought, and generations of Hollywood movie-makers have used the zeppelin's enormity and latent sense of menace as a symbol of Nazi aggression. The fiery

end of the swastika-daubed Hindenburg gave zeppelins an enduring image problem, but Meighner is convinced that fascination with the giants of the sky again has the upper hand. "I think that in a time of frantic technical progress, we're rediscovering the value of taking things slowly. That's why I think that airship travel matches the spirit of the age."

Words like that are music to the ears of Wolfgang von Zeppelin. A few miles from the museum, he is supervising the birth of a new zeppelin - filled with inert helium, not the highly inflammable hydrogen that killed the Hindenburg. By family standards it is a little slip of a thing, less than a third the length of the Hindenburg and closer to the dimensions of a puny Boeing 747 - and it can only seat 12. "It's just a start," says von Zeppelin. "Our aim is to build bigger ships that will give passengers more space to move around and will be more economical to run. But before making that kind of investment, we have to show that the market exists."

And he is fervently con-

vinced it does. "I would never spend my best years on a nostalgic project - nor would anyone invest DM40m just for fun." The new zeppelin was being prepared for its first flight at the end of April, in the hope that Friedrichshafen's summer visitors will line up for day trips over the foothills of the Alps.

If the market is there, von Zeppelin will not have it to himself. Richard Branson's

interest in balloons may be better publicised but Virgin also owns half of The Lightship Group, the world's lead-

ing operator of advertising blimps. It is currently evaluating a 10-seater blimp for tourist use. Managing director Mike Kendrick reckons the numbers add up.

"Balloon operators make good money, but we've costed it out, and we know we can operate our airship at half the prices they charge. We can fly all day, and if we see something interesting we can fly straight towards it at 40 knots, rather than hoping

that the wind will blow us there." For Kendrick too, 10 seats are only a start. "We have the technology now to build an airship that will carry up to 50 people in great comfort, with cabins and an outside observation platform. And we can fly them as far as we want."

In Kendrick's plan, that means from London to Sydney in time for the 2000 Olympics, then back again in the first round-the-world trip by airship for 70 years.

For true nostalgia, that is where the real fun starts, and with the millennium approaching, there are plenty of grandiose projects.

In the Netherlands, Scotsman Ian Alexander is planning to give the Dutch an aerial equivalent of the royal yacht Britannia. In Germany, they are designing giant cargo airships that can carry 100 tonne turbines from Wiesbaden to Vienna. And now South Africa has joined the fray with

people who have lost huge sums of money doing that."

Back in Friedrichshafen, Bentele is still in love. "People have envied me all my life for the experiences I had on the zeppelins. And that's why I know there will always be people happy to shell out a few hundred marks for the trip of a lifetime. And if it costs more than that, it won't be a problem - you'd never believe how many rich people there are in this world."

"Everyone is authorised to hand in the foreign currency in his possession and exchange it on the same terms whenever he wishes and the city will give him Attic currency in exchange. Each shall bring his own currency to Athens and deposit it at the mint."

"States were permitted to go on using the amber-coloured electrum coinage, an alloy of gold and silver."

"It was a political move, not just an economic one," said Paul Cartledge, Reader in Ancient History at Cambridge, this week.

It was designed to impress the allies how dependent they had become on Athens. The penalty for opposition was death.

Weights and measures were likewise harmonised. Athens also

decreed that every member -

there were about 200 at the peak - must be a democracy, and local laws changed accordingly. It did not impose its own model, however. Criminal offences carrying the death penalty had to be heard in Athens, and the cult of the goddess Athene was enforced on land confiscated for the purpose.

To begin with, the central bank

was kept in the temple of Apollo

on the sacred island of Delos. The

lowest budgetary contribution

was one trireme. Most member

states, either out of poverty or

laziness, fell into the trap of

paying money instead and letting

the Athenians build the triremes themselves. One sixth of the cash was devoted to the goddess; some of the rest was used to repair the Athenian temples.

In 454BC, when the Persians seemed to be threatening again, the treasury was moved to Athens. Pericles declared he felt no obligation to account to the "allies" for the budget, provided the money was spent on keeping the barbarians (the Persians) at bay.

Referring to the member states,

he said: "They give us not a single horse, not a ship, not a hoplite. They supply only money.

That belongs not to the givers but to the receivers, as long as

they give in return that for

which they collect it. It is fair to

use the money to beautify the city."

Protests were firmly

suppressed. As early as 472BC, Carystus in Euboea was forced to join the league. Naxos was bullied into submission two years later. Thasos was brought to heel in 463, as were Miletus and Erythrae in later uprisings.

Conflict with Sparta, the rival regional superpower, was inevitable, wrote the historian J.C. Stobart in *The Glory That Was Greece*.

Sparta must have regretted not taking a more active part in the league's foreign policy when, 17 years after its formation, Athens used the budget to finance campaigns against Spartan allies on the mainland. The Peloponnesian war between the rivals, described by

Thucydides, finally broke out in 431.

Athens was defeated in 405 and the Delian League was formally wound up a year later.

Eventually, of course, an empire more formidable than either Persia - came to dominate Europe, and the known world. Its name was Macedonia.

From European union - to empire

The Athens-dominated Delian League offers piquant parallels to today's EU, says Christian Tyler

"for safety". What started as an alliance had become an empire.

These events, the Eurosceptics' nightmare, occurred 2,500 years ago. The European union in question was called the Delian League. Comprising most of the cities of what we would now call the Aegean Rim, it was set up in 478BC after the Greeks had repulsed the Persians.

Its leading lights were Sparta and Athens, but it was Athens which, because of its control of the sea through a fast fleet of triremes, was able to grab the political initiative and reduce the alliance to subjection. The rebel island state with the sovereignty grievance was Thasos, which lies just off the coast of modern Thrace.

One obvious difference between the Delian League and today's European Union consists

in the reason for its creation. The league was a buttress against an external enemy. The EU was an attempt to put an end, once and for all, to internal conflict: specifically, Franco-German wars.

(Some leading German social democrats still see it as a way of saving an expansionist Germany from itself.) So the league was more like NATO: it was the "Aegean Treaty Organisation", as one academic wag put it. Yet there are piquant parallels.

Once the Persian threat was removed, the Athenian Pericles invited all the Greeks to a congress in his city to discuss a common architectural policy (CAP) - how to rebuild the temples destroyed in the war. Sparta, its nose out of joint, organised a mass abstention, so allowing Athens to go ahead and

establish a hegemony. So about this time, 450BC, Athens decreed that all local mints must be closed. The only silver coinage allowed to circulate was the Attic.

T he decree read: "Everyone is authorised to hand in the foreign currency in his possession and exchange it on the same terms whenever he wishes and the city will give him Attic currency in exchange. Each shall bring his own currency to Athens and deposit it at the mint." States were permitted to go on using the amber-coloured electrum coinage, an alloy of gold and silver.

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To begin with, the central bank

هذا المحتوى

BOOKS

All language with no heart

Thomas Pynchon's long-awaited novel lacks a vital ingredient, argues Justin Cartwright

This is an extraordinary book. It is nearly 800 pages long, it is written in largely 18th-century language, complete with capitalised nouns and other devices. All this to tell the story of Mason and Dixon, the surveyors sent out by the Royal Society to settle a line between Pennsylvania and Maryland in 1762, a line which would mark the northernmost boundary of slavery in America for another 100 years.

Their mission was ultimately pointless, overtaken by the Revolution. Pynchon has told their story with an almost crazy determination to recreate, through detail, the life and the language of his protagonists. To read this book is to be dimmed, steeped, almost drowned in the professional lives of Dixon, the surveyor from the Wear and Mason, the astronomer from Gloucestershire. Not only are we given their professional preoccupations in almost nightmarish detail, but these are relayed through the medium of the Reverend Wicks Cherrycoke, many years later, in Philadelphia. Cherrycoke was attached to their mission and he recounts his adventures to his niece, Tenchre and nephews Pliny and Pitt, as well as other family and friends. In his name - Cherrycoke - we get an early hint that Pynchon has some ludic and postmodern tricks up his sleeve.

In order to achieve total immersion in the 18th century, or at least his version of it, Pynchon has studied the dealings of the Royal Society in the minutest detail, and he has clearly read every contemporary handbill, scientific paper, playbill, instrument maker's catalogue, dictionary of his-

torical slang, libretto, collection of doggerel and religious tract he could lay his hands on. He has also studied the then flourishing science of surveying, with its chains and rods and so on; the rural industries of Gloucestershire; coffee houses; English dialects; the Dutch East India Company's settlement of the Cape - and its

MASON AND DIXON
by Thomas Pynchon
Cape £15.99, 773 pages

language; the British rule of St Helena; native American history and much, much more.

Because this is the Age of Reason, as Pynchon nudgingly reminds us, he also has included any number of countervailing peculiarities and sectarian beliefs. There is a talking dog, a pair of clocks which converse; Mesmerism; a duck which stalks a French chef called Armand; and George Washington's black Jewish butler who does stand-up comedy and supplies the visitors with Indian hemp while Martha Washington brings on the munchies. Pynchon has not lost his belief in the subversive symbolism of marijuana.

So this is a quite extraordinary book. But there are two major questions which must be answered if it is to be considered a great book. Firstly, are the characters, Mason and Dixon, drawn with any distinction? In all their travails, in all their forced collaboration, in all their paranoia, in all their disappointments and minor triumphs, they hardly have a conversation which is credible or moving; instead we have a kind of unnatural vivacity. Their personal lives are sketched rather dutifully: Mason longs for his

dead wife Rebekah, Dixon is a bit of a prudish Geordie. In the course of the monumental tasks they are given, they come to see that what they are doing is ordained by political struggles within the scientific establishment, but so what? They develop a dependence and even affection but, unfortunately, we don't care.

The second question is this: is the intellectual foundation on which this great heaving, creaking, intricate structure is built sound?

The book is clearly intended as a Joycean exploration of language as well as a critique of the Age of Reason.

On the question of the language, I think that Pynchon fatally undermines his own marvellous achievements, by the postmodern elements. There are numerous unfunny, dated jokes about dope; there are sitcom elements; there are deliberate anachronisms; there are knowing references to the

future. Instead of introducing the intended lightness of touch, there is something of 1960s shallowness in this. Unlike Joyce's, Pynchon's jokes do not spring from the very nature of language.

As for the Enlightenment, Pynchon seems to imply without really exploring the idea, that its most serious result was that it created a world of blind progress when the more serious charge is

that it created a dangerous historicism. After they have finished work Mason and Dixon "understand... that the Line is a conduit for Evil." Despite Pynchon's omnivorous research, he has hardly touched on the philosophers of the age.

However, it is impossible not to marvel at the extraordinary detail, the wonderful descriptions of early American life, the enthralling depiction of scientific work, the virtuous recreation of language, the sheer unstoppable brio. In the end, what is missing in this account of the human spirit is fully realised human beings.

Free spirit in Tory politics

John Peyton was born with a silvery spoon in his mouth, but had a hard time of it. At prep school he was no good at games and could not sing in time. Eton was better, but he still couldn't play games or sing. Yet he picked up friends. On his first day a boy said to him: "I am Palmer. You must be Peyton. Come with me and have a biscuit - my family make them."

Trinity College, Oxford was better still, but the second world war interrupted after Peyton had been there only two years. He joined the forces, then misfortune struck again. He was taken prisoner almost at once and, although he tried to escape, he was held by the Germans for five years. The consolation was that in the later period he was allowed to read for his law finals.

WITHOUT BENEFIT OF LAUNDRY
by John Peyton
Cape £15.99, 773 pages

Peyton had other disappointments. He abandoned the law for politics, was elected as MP for Yeovil in 1951, and looked ready-made for a long and distinguished career on the Conservative front bench, whether in government or opposition.

Prime minister Harold Macmillan made him parliamentary secretary at the ministry of power in 1962, and seemed to regard him as a friend. Subsequent Tory leaders, however, took a less benign view. In 1966, when the Tories were in opposition, Edward Heath sent a message saying that Peyton would no longer required to be in the party's front row.

In 1970, Heath became prime minister, changed his mind about Peyton and made him minister of transport. According to these memoirs, Michael Heseltine - as Peyton's deputy - thought that there must have been an administrative muddle and the appointments had been made the wrong way round.

Peyton survived at transport, though in the Heath days departments were being continually reorganised and at one stage Peyton,

had come to appreciate music and became a friend of the composer Sir William Walton. He arranged a 70th birthday party for him, invited Heath, who asked that the party be moved to No 10 Downing Street. Nothing wrong with that, except that the next Tory Party leader, Margaret Thatcher, assumed that Peyton was too close to Heath. He was the only shadow minister that she did not include in her administration when the Tories returned to office in 1979.

In fact, Peyton was not particularly close to - and certainly not beholden to - any politician. He was an independent, eclectically picking up whatever seemed of interest to him, and it is in this spirit that his memoirs are written. Peyton is too modest to say so, but Nigel Lawson wrote in his own memoirs that Thatcher's decision to exclude Peyton from the cabinet was a serious misjudgment. When he stood down from the Commons in 1983 the Yeovil seat passed to a then little-known Liberal, Paddy Ashdown. And when Peyton moved to the Lords his sponsors were an odd couple: Lord Home and the scientist, Lord Zuckerman. Peyton was for seven years the treasurer of the London Zoo.

There is a wonderful line where he says that British government can be reduced to three characters: Jones, Buggins and the Duke of York. "The first is the man of the moment, the one in fashion, with whom you must keep up; the second is the one who, for no better reason than it seems fair, must be given a turn; the third, and perhaps the most influential, is the one who marches us first up the hill, then down again - an expert in U-turns."

The title, *Without Benefit of Laundry*, is taken from Arthur Quiller-Couch's preface to the second edition of *The Oxford Book of English Verse*. The striking picture of Lord Peyton in a black beret on the cover was taken by Lord Howe, the former foreign secretary. There aren't many Tories like those any more.

Malcolm



SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left.

You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand.

We know you can't give them back the things that others have taken away.



UNHCR

United Nations High Commissioner for Refugees

We're not even asking for money (though every cent certainly helps).

But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything.

UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

UNHCR Public Information
P.O. Box 2500
1211 Geneva 2, Switzerland

BOOKS

Portrait of the artist and goodbye to all that

Craig Raine on the Baroque excesses of Edmund White's confessional "auto fiction"

Edmund White can't write. In the normal way, this chiming, rhythmically awkward, ugly little sentence might be enough. Edmund White's prose, though, is a special case. It is bad by choice. It is considered. *The Farewell Symphony* is not a novel, but what White calls "auto-fiction", dealing with two decades of gay hedonism and the subsequent scourge of AIDS. We know from White's Oxford Amnesty lecture of 1985 that, for him, auto-fiction is "a convergence of two very different literary traditions, realism and the confession".

In practice, though, *The Farewell Symphony* reads as thinly disguised autobiography. Like White, the narrator is HIV positive, lives in Paris, owns a basset hound and so on. It is a work of considerable self-consciousness, not least with regard to its own prose style: White knows he is given to "over-elaborated, arthritic concocts"; Christopher Isherwood, he remembers, advised him to write "more simply and directly"; critics, he complains, praise prose which plays safe, prose there is nothing "against". He admits to the deliberate cultivation of a Baroque style. In an earlier work, *A Boy's Own Story* (1989), this produced phrases like "the torso flowering out of the humble crotch of his jeans". In *The Farewell Symphony*, it produces sentences like this:

"we were dismissed with a shrug of a pretty bare shoulder rising out of a calyx of ivory silk." We can, then, identify a certain consistency in the prose.

T.S. Eliot divided good prose into two kinds - writers like Defoe who favoured an impersonal idiom based on the genius of the language, and those like Henry James who invent their own imitable personal idiom. I want to divide bad prose into two kinds. The first kind of badness goes against the genius of the language in a flawlessly inept way. For example, this is the worst sentence ever committed to paper by a reputable writer in full possession of his faculties: "I thought - if it is possible to think retrospectively simultaneously with thinking actually - I might have thought that I would have preferred you as you had been before." This isn't so much a sentence as a pile-up on the page. The author's taxis - the structural "arrangement" of the words - is in collision with itself. Though the sentence seems hideously memorable, the syntactic trauma is so great that it is in fact impossible to memorise.

White is sometimes bad in this way, too. He is capable of beginning consecutive sentences with "whereas" (twice), of using a cliché like "a deafening silence" or "suddenly the intervening years melted away", or a gussied-up cliché like being "left acridly cold" by something intended to impress. There are some dire tantologies: "treeless assiduity"; "like a somnambulist I sleepwalked". Is an upholstered couch with sprung springs an example of further redundancy, or merely a broken couch, where "sprung" means "un-sprung"? There are some startling repetitions: "our

THE FAREWELL SYMPHONY
by Edmund White
Chatto & Windus £16.99,
504 pages

burning in snow-bound New York "demented red beneath an old man's heavy white eyebrow". We are looking at a symbol. Transgress. Don't transgress.

The over-dressed prose here, its chosen purple, is White's speciality and rather different from the routine incompetencies so far cited, and it brings me to the second kind of bad prose, not the lavish, but the slavish. Eliot again anticipates: "only a weak-minded or characterless writer would condense to initiate or even be influenced by, anything so little as his own as the personal idiom of another writer." White has, I think, confused the extension of a prose tradition in gay writing with copying a characteristic manner. The writer I have in mind is also the writer that Edmund White has too much in mind - Proust. The second kind of bad writing is work in regress, the gim-crack copy of the unique manner, pure reproduction, the unreal thing.

Proust is a constant reference point in *The Farewell Symphony*, as well he might be for the anatomy of a world where sexual partners come so thick and fast that they are frequently forgotten. White attempts to recall to a world of often deliberate recall to satisfy his obsession with one young man - "a hundred thousand dollars just to sleep beside his naked body" - until the narrator tells him that he has already had the object of his desire via a hustling agency, and has simply forgotten.

White estimates that between 1982 and 1982 he must have "fooled around" with 3,120 men. Of this cast of thousands, many are memorable only for their genitalia or their sexual preferences. Inevitably, the crucial moment of any encounter in this world is liable to be the twin of another crucial moment elsewhere in the novel. "He exploded with



anxious alacrity and I swallowed it all down like a cat licking its bowl clean"; "he exploded in my hand after a single thrust". Only 10 pages separate these quotations.

In Haydn's *Farewell Symphony*, the players leave the platform one by one until only a violinist is left - a perfect metaphor for AIDS and White's own position. His novel is an attempt to reconstitute the orchestra - not only its principal players, the soloists with whom he fell in love, but also members of the chorus, bit players in the string section.

Unsurprisingly, the novel succeeds best with White's family - his mother, his sister, his nephew and his nephew's girl friend, Ana, who, while they too are sexual beings, are less exclusively so than Edmund White and his anonymous, intimate circles. Not that the homosexual material doesn't have real anthropological value. White's candour is exemplary even if his experience is probably not representative. My gay friends tell me that White was on the dangerous edge of things.

Here you can learn what a "top" is, what a "bottom" is, and that the gay world has an imbalance between the two types. "Peaceful, reciprocal love-making" is known as "vanilla sex". You can discover what the initials CBT, TT and VA stand for, but not an increasingly common cluster in gay personal

A Wagnerian view of Nazism

David Cesarani admires a lucid look at the unsettling dissonance between history and memory

In 1978 Saul Friedlander published a striking memoir of his youth and survival as a Jewish refugee in wartime France. *When Memory Comes* was more than a record of endurance: it was also a meditation on the delayed repercussions of the Holocaust even on those who directly experienced Nazi persecution.

Since the 1990s he has quarried the archives of Hitlerism, but he has always been conscious of the "unsettling dissonance" between history and memory: the dispassionate analysis of documents and the subjectivity of participants in historical events. His new account of the Third Reich and its Jewish policies is a remarkable synopsis of the latest research enriched by reference to a breathtaking range of documents, diaries, letters and memoirs, that nevertheless remains anchored in the searing experience of individual men and women.

Early histories of the Final Solution, based on German records, tended to replicate Nazi perspectives. Survivor accounts of course presented things the other way around. Latterly research and controversy have burgeoned, leading inexorably to increased specialisation. Friedlander is the first to meld the "policies of the perpetrators, the attitudes of the surrounding society and the world of the victims". He also handles the debates which have bitterly divided historians, the Goldhagen affair being only the latest. If his narrative occasionally falls between textbook thoroughness and innovative analysis, it sets a benchmark for scope, lucidity and balance.

Friedlander places Hitler at the centre of Nazi policymaking, but situates him in a complex field of forces which necessitated pragmatism. Whereas many historians concluded from Hitler's prevarications that his approach only gradually radicalised, Friedlander believes

NAZI GERMANY AND THE JEWS - VOL 1:
THE YEARS OF PERSECUTION
1933-39
by Saul Friedlander
Weidenfeld & Nicolson £20,
425 pages

exclusion of diseased portions from the body politic. The mixture of metaphors tells its own story.

Hitler and his acolytes wrapped their racial-biological politics in the rhetoric of redemption. For, as Friedlander shows, the mass of Germans never quite swallowed Nazi anti-Semitism. Instead, old prejudices converged with the radical, ultimately lethal anti-Semitism of the regime. While historians like Goldhagen erroneously conflate the two, Friedlander understands that common-or-garden hatreds sufficed to enable "ordinary Germans" and their accomplices across Europe to implement genocide. You didn't need to be a convinced Nazi to commit mass murder; and for this reason the deprivations of National Socialism remain relevant, in Rwanda as much as the Rhur.

Friedlander is naturally ironic. He is most exhorting when exposing the folly of Nazi racial policy. The story of Karl Berthold punctuates the book as he strives

to prove his "aryan" credentials while fending off each new assault by the authorities who took him (wrongly) for a Jew. There is a deeper purpose here than mockery. The energy Nazi "experts" devoted to categorising and defining (what was "intercourse" in the context of "race defilement"; a kiss, masturbation, vaginal penetration?) reveals the importance they gave to "purifying" German society. Every petty regulation was vital because it symbolised the larger struggle and the "ritual degradation" of the Jews.

On the November 10 1938, stormtroopers sacked the synagogue in Wittlich, in the Moselle Valley. They unravelled the Torah scrolls and shouted from the roof, "Wipe your arses with it, Jews." Nearby a Jewish woman stood outside the smashed remains of her family business and cried, "Why are you people doing this to us? What have we ever done to you?" Nothing, in reality, of course. To the core of true believers, however, Frau Marks was the representative of a demonic force conspiring to subvert humanity. To many more she belonged to the tribe of Christ-killers, and that was enough. Such well-chosen vignettes confound the realms of scholarship maintaining that Nazi policy was "rational" and contributed to the necessary "modernisation" of Germany.

Most citizens disliked such outrages, even if they thought the Jews had it coming to them. But the universities and the churches, those bastions of German humanism, were amongst the first institutions to embrace Nazism and were silent. For them, like the Jews, until too late the acceptability of discrimination obscured the threat of worse. In the case of the hapless Jews, of whom he was one, Friedlander strains to abjure hindsight. But his judgment on the luminaries of German culture, who should have known better, is unsparing.

Impotent rage against western prejudice

Bosnia was a terrible war, and the west's policy a ghastly muddle. But whether that was about European disunity, American cack-handedness or a global conspiracy against Moslems is something we can argue about. Adam LeBor is in no doubt. He sees the west's policy on Bosnia as symptomatic of a widespread anti-Islamic prejudice - from the Balkans, where the west let Moslems go unarmed to battle with the Serbs, to France, where the local people discriminate against their Algerian compatriots, to Germany which denies citizenship to its Turkish workers, and to America where all Moslems are tarred with the terrorist brush after every outrage.

No wonder, he concludes, that the Moslem world is brimming at the western prejudice they see all around them, and many are turning to fundamentalism to express their anger. LeBor, a war correspondent, first describes the trauma of Bosnia - ducking bullets, stress and distress - and then reaches his quick conclusion: that the west sided with the Serbs because they supported their war aims.

"They (the Serbs) must have laughed at night for years in Belgrade and Pale, capital of the self-proclaimed quasi-fascist Bosnian Serb Republic, as they danced rings around the hopeless emissaries from the self-serving international bureaucracies that are supposed to represent world security, and the barrage of futile acronyms in whose names they speak, the UN, Nato, WEA, OSCE and NAA, with the extremist views of groups like Hizb ut-Tahrir who exist and recruit freely in Britain. But Ahmed says the tide is flowing against him. "They have come from nowhere, and they go nowhere. The damage they are doing to Islam, which is a very rational balanced system, which encourages dialogue, is incalculable. People just assume that Moslems

exaggerating the prominence of these extremist groups, says Ahmed.

Some of the public statements made by extremists in this book would challenge many liberal laws. Bakri Mohammed, a member of Hizb ut-Tahrir, for example, calls Akbar Ahmed, a "Chocolate Moslem" or Islamic Uncle Tom. Mohammed makes no bones about denying the Holocaust of the Jews - "I have never seen the Holocaust and I don't believe in something I did not see" - and he believes in a worldwide struggle between Islam and western democracy.

Muhammad al-Mass'ari, the Saudi exile who narrowly escaped deportation from Britain, appears a comparative moderate by comparison. He is quoted as dissenting from the death sentence against Salman Rushdie, although he believes the author of *Satanic Verses* is still due some punishment. "My view is that if you want to insult certain personalities, there may be some punishment, not necessarily up to death, to keep public discussion away from insult and degradation."

Al-Mass'ari is revealed as having a rather unlikely sense of humour. When LeBor tells him he is Jewish, the Saudi tells him a Jewish joke. Al-Mass'ari is also the man who called Jews "a nation of cowards", and declared that "their annihilation is not difficult for Moslems". Reconciling the various aspects of al-Mass'ari's personality reveals more than anything else in this book the paradox of Moslem relations with the west in particular.

Nicholas Kochin

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Hockney gets back to basics

The unselfconscious artist in David Hockney is re-emerging, writes William Packer

There has never been any doubt about David Hockney's talent, but only the precise nature of it and the uses to which he has put it. The problem is that his early, prodigious and still continuing commercial success has seemed, over the years, not so much to defy any actual questioning of the work, as to put it entirely beyond the reach of criticism. On the one hand we have received reputation and personal celebrity, on the other, the work as it is.

His drawing retrospective at the Royal Academy some 18 months ago confirmed what had long been generally accepted, that his has always been in essence a graphic as opposed to a painterly gift, though the two qualities are not necessarily mutually exclusive. His is a shrewd if quirky eye for salient detail and particular character, and an exact if idiosyncratic hand for line and image. He has always moved easily between close, direct observation and graphic stylisation, rendering both with equal facility and wit.

But if that drawing show celebrated his strength, it also revealed a tendency to fall back on formula and pictorial bluster when his interest was not fully and, which is more to the point, unselfconsciously engaged. There was often, I suppose, whether he was aware of it or not, that because he was who he was, anything would do. Like many good artists, he seems not over-critical of his own work. If as much is true of the drawing, the question can only be: what of the painting?

Even so, a true artist continues to develop, and one felt with the later drawings that Hockney was already

moving some way to meet the criticism, away from his more facile habits towards something more real, intuitive and engaged. Now we have the chance to see whether in his painting of the past year or so there has been a similar shift. He has always tended to work *en serie*, and here are two successive bodies of work: the first a set of flower pieces painted last year, and then a set of portrait heads, of himself, family and friends, all done since Christmas. It is as well to take them as they were done, the one after the other.

The flowers are at once exasperating and intriguing, for again they demonstrate, time and again all on the same canvas, this familiar opposition in the work between the painterly and the graphic. To put it more seriously, it so often seems to be between the unselfconsciously absorbed and the perfunctory and bored. The set-up is more or less constant, the flowers in their pots within the clear and simple space of the table or table-top seen against a plain background.

The colour is fauve-like, pitched high and bright, the texture rich – and no harm in that.

But only up to a point. Hockney seems fascinated by the pots, and by the flowers' leaves and stems especially when seen through glass and diffraction by the water. Yet so often it seems that the flowers themselves have presented either too great a pictorial problem or too little interest, for they are treated repeatedly with a perfunctory despatch that borders on the crude.

And yet beneath them pot after pot, glass after glass, are modelled with exquisite



'Mum', March 1 1997, by David Hockney: a shrewd if quirky eye for detail and particular character

yet most economical refinement, no more than a wisp of paint and a flick of the brush, as confident as rapid, to describe the rounded form and the transparent, elusive contour. There is to it a vigour and commitment that speaks clearly of the artist's own direct enjoyment and absorption in what he is doing. It is significant that this work marks his return to the use of oil paint rather than acrylic. Oil paint doesn't dry so quickly and seal itself off, which allows for a fatter, richer, more subtle working of the paint, and a more open, less prescribed

engagement on the artist's part. What we see in this last respect is the painter in Hockney re-emerging, reasserting himself yet without abandoning anything of his true graphic wit. The only trouble is that as yet, in the flower paintings at least, that reconciliation of the two aspects of his character as a painter is not sustained throughout any one particular canvas.

In the series of faces, for the most part these two aspects are reconciled – though some are taken further than others, and one or

two are less successful. It may be the scale, which is small, with the head more or less life-size to fill the canvas, perhaps the repeated format, perhaps the medium. But what is to be recognised in these paintings overall is a confidence, not only in the setting-up and pictorial organisation that bespeaks an innate graphic facility, but also a modelling of the form and a handling and resolution of the image that are often directly and unselfconsciously from what he sees before him, yet with all the intuitive sophistication which is by now his command. It looks at last as though he has realised as much, has come back to it, and is getting on with it. To do so is not to disavow or reject what has been done before, but only to move on, which is the artist's only imperative.

David Hockney - Flowers, Faces and Spaces: Annye Straub Fine Art, 23 Dering Street, New Bond Street W1, until July 19.

Life has gone on despite the British general election. The World Service came up with an excellent *Omnibus* from Canada about a teenager who killed his two best friends while driving drunk. In a case amazingly free of rancour the parents of both victims begged the court for leniency for the sake of the boys' friendship; and the shattered driver has done community service in the shape of lecturing high schools on the evils of drunk driving. Crisp, unadorned documentary approach with the voices of those concerned. An unexpectedly gripping find in the small hours.

Not so a disappointing *Glass Menagerie* from the US. Tennessee Williams' crystalline fragments of almost unbearable memory were treated to a slow, respectful production; even the marvellous Julie Harris's gallant, infatuating deep southern mother seemed infected by the general portentousness.

But then culture has recently come in for the heavy approach. A *Constant Singing from the Flame* was Radio 3's tribute to Tony Harrison. The poet deserved better than Michael Kustow, a producer who can never see a portent flatter by without inflating it into pretentiousness. He narrated, or, as he put it with typical shrinking modesty, "at the very corner, nudging characters in and out of the action, you might catch me." Just as we might catch the Mona Lisa in Leonardo's nice study of a rocky landscape, Mike.

In Hayes, Middlesex, the factory workers are still keeping the demise of the black disc. They gloomily await the next technical advance in the recording industry. Unlike the population of St Pierre, a little bit of Metropolitan France off the North American coast. The 1971 shipwreck of a vessel carrying lawn-mowers prompted mass looting. "There are not many lawns in St Pierre," said the local guide. "I don't know what they did with them."

As the excellent Oliver Westton discovered in the latest *Wilson Goes Walkabout*, St Pierre, complete with French gendarmes, also has the only guillotine in North America. It would just drift apart.

Funny and touching, about the impossibility of knowing somebody, the programme left one respecting the secretive, independent Molly who sang with the Ovaltees and danced the Charleston and reared a child in a far chillier climate than the Pillars of Hercules and their warm waters.

Radio/Martin Hoyle Outposts of empire

have been nice though tactless to enquire whether the police and the Prefect himself, all sent out from *la patrie*, regarded their stint across the Atlantic as exile, akin to being sent to man the Great Wall of China.

Another outpost of empire, this time British, provided the climax for the week's most haunting item. Chris Harbin took his mother's ashes, self-consciously disguised in a grocer's pink carrier bag, to her native Gibraltar; trying to learn more of the mysterious woman who had borne him out of wedlock – a brave act in those days.

Molly's Ashes was lovely: Alan Bennett oddity without the whimsy. Sue and Hilary of the Tenants' Association noticed that Chris was preoccupied and made "a bit of a performance" about shopping, picking up his bag "with a bit of style". Asked if it was something nice, he replied, "It's my mother."

In Gibraltar he met a charming ladies' local history club and a Scottish medium called Gordon. His mother had been employed as nanny by the only civilian deputy governor ("he reached dizzy heights," said one lady in awe), good at swimming and the Charleston. Chris saw her ashes into the cathedral's garden of remembrance but didn't know what to do with the bag. "In the end I abandoned it on a bench near the vestry. It looked like I'd left the shopping."

The story of Chris's journey was interrupted with recordings he had made of his mother in her last illness. "You were a bonny boy." "My head was too big." "They said you would be easily led." He found his father's beautiful, passionate love letters and tracked down the old man. Why had they never married? "We just drifted apart."

Funny and touching, about the impossibility of knowing somebody, the programme left one respecting the secretive, independent Molly who sang with the Ovaltees and danced the Charleston and reared a child in a far chillier climate than the Pillars of Hercules and their warm waters.

Literary history versus pleasures of the flesh

David Pryce-Jones on an engaging biography of Cyril Connolly, whose talents battled with a desire for instant gratification

In wild and wonderful flights of fantasy, Cyril Connolly imagined himself a grandee, a millionaire, collector of rare books and silver, a devoted lover, and above all the author of masterpieces. These came the nightmare that he was none of this, but fat, unlovable and unloved, lazy, wasting his life. Publishing every last thought, he conducted a running commentary on his ego. Vulnerable but eloquent, with real poetry in him, he left on English literature a mark all his own.

Whatever there was to say, it might be thought, he had himself already said, and exhaustively too.

Mention of his name is enough to evoke the stages of his classic self-discovery, from an Edwardian childhood and a prep school famously shared with George Orwell, to Eton and Oxford, the Grand Tour, and the years spent editing *Horizon*, that most successful of all highbrow magazines, and last but certainly not least, the many pleasures of the flesh.

In all his fantasies Connolly himself would hardly have dared to hope for a biographer like Jeremy Lewis. He goes over familiar ground so skilfully that he makes it sound fresh. The

prose is easy to read, and the footnotes are quick-fire comedy. Long but never tiresome, researched in all the right archives, his book is a genuine tribute to Connolly, and a rewarding piece of literary history in its own right.

Connolly was a romantic, a perfectionist, and that is the essential clue, as Lewis sees it. Nothing was ever quite good enough, nor even as good as it seemed. Something else might be better. And whatever had given pleasure could never be let go. Nostalgia, regret and ambivalence mushroomed quickly.

Connolly himself wrapped up the mind-set with typical brio: "I believe in god the Either, god the Or, and god the Holy Both."

A bold attempt at fiction survive in Connolly's many notebooks. Like others in his generation, he believed that the novel was a form of writing superior to others. God the Holy Both placed a hard lock on all such efforts, and also made sure that it was pretty well impossible to stay faithful at any one time to any one woman, or even two or three. Connolly's idea of perfection was really instant and one-dimensional gratification of whim without the slog of endeavour and achievement.

The complex character of Connolly is the natural centre of this book, but many excellent portraits of other people surround and support it. Evidently good-natured, Lewis has an eye for eccentricity and found it in Major Connolly.

Cyril's father, a soldier who never saw active service, an authority on snails and potted meats of all things, poor and not too proud, emitting horrid bodily noises when drunk. His son's vulnerability evidently began at home.

Those who knew Connolly's wives and mistresses often found in them some means to blame him. In the manner of a novelist, Lewis unpicks each of these relationships. Connolly's first wife, Jeanie,

was a generous and attractive American, and she influenced some of his best writing. Ultimately she went through Troubles of her own making. Next were Lys Lubbock and Barbara Skeetton, a formidable femme fatale, and both of them generated much gossip in their day.

During the 1930s, Connolly established himself as a formidable and brooding presence in the literary world. An amazing range of contemporaries envied him, and his apparent freedom to do as he pleased, and get away with it. Geoffrey Grigson and the even more remorseless Julian Symons, the Leavises and assorted academics, Marxists and penny-a-liners, tried to stamp him out altogether. Their tactic was to take at face value all the nasty things he said about himself. This purposefully confused literary comment with moral judgment. It was indeed a

case of the self-inflicted disappointments and injuries. Connolly in old age felt reasonably fulfilled and even happy. Although it might not match what he had imagined, he had done what he could do. That was enough to give him a hold on posterity.

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ARTS

Two cheers for the department

Antony Thorncroft calls for a more radical approach at the national heritage ministry

In all this post-election excitement in Britain, who remembers the great new government initiative of last time, of April 1992? Yet after the Major victory, the Department of National Heritage was formed, to bring together under a cabinet minister the arts, sport, heritage and broadcasting. Totally unnoticed, this grand gesture has just celebrated its fifth birthday. How is it faring?

It was one man's dream, created for David Mellor to give him a job equal to his weight. He was very much a hands-on minister. He saw little point in fighting for a big budget for the arts, etc, unless he had some say in how it was spent. Things would have been very different if he had kept his position. His successor, Stephen Dorrell, never took to the job and his successor, Virginia Bottomley, only latterly managed to relax and go native, although her achievement in

preventing savage cuts in the budget last November should earn her some praise.

It is the budget that is the problem with the department. It gets around £1bn a year from the Treasury but is forced to hand it over to its insatiable clients such as the Arts Council, English Heritage, the museums, etc. It has little say in how the money is spent. No wonder this toothless department is seen as a job for politicians on the make, out of favour, or in decline.

But what has really thrown up the chance that this disparate department could play an active role in national life is the lottery, which, in the eyes of the public - and the Treasury - has greased the palms of artists,

sportsmen and others with cascades of wealth.

The Arts Council gets under £200m a year in grant-in-aid but receives over £250m from the lottery. It is lottery money that drives the arts, heritage and sport in the UK and, despite the best protestations of politicians, will ensure that the heritage department's budget will be inexorably trimmed by the Treasury over the years. And, in an ominous development, lottery money for the arts is already starting to come under attack.

It was always feared that more popular causes, like health and education, would muscle towards the lottery trough. That is happening, with the plan to direct the proceeds of the

mid-week lottery to initiatives in these areas. With Saturday lottery revenues in decline, soon arts organisations and sports clubs will be forced to rein back their ambitions.

The big decisions over the next few months will not be made by the National Heritage but by the Arts Council, and they will be made with awareness of a tightening purse. Three mammoth lottery applications are up for consideration in June: the plan to modernise and cover with a dome London's South Bank's conversion of the Baltic Mills in Gateshead into a modern art gallery, plus another arts

complex in the northern city; and a similar development by the docks in Bristol. Together they would consume much of the council's lottery money for a year.

The South Bank is the most sensitive because it is another London project, and was originally costed at a mammoth £120m. It will be offered nearer £90m on the understanding that some of the cash comes from heritage lottery resources. Gateshead and Bristol, being regenerating schemes in the regions, will certainly go ahead. After that, with the exception of a new home for English National Opera, all major arts projects are on hold.

It seems the minister will be

stepping into a limited job with financial restraints. The major institutions - the Arts Council, English Heritage - are under no threat of serious overhaul. Their chairmen, Lord Gowrie and Sir Jocelyn Stevens, are secure in their posts for another two years and more. One exciting area of potential change, the decision to invest many millions into the British film industry, has just been taken. More money will be thrown at sport, with few signs of success in raising the performance of the national teams. It is still all round.

But there are some changes a new, committed, minister could make which would revitalise the department. Lottery money

could ensure that museums be kept free from the need to impose admission charges; public libraries could be encouraged to embrace a new electronic era; the murky minefield that, in theory, lottery money must only go on capital projects could be defused for the benefit of poorly paid actors, musicians, artists, etc; the partly bandaged running sore on grants for students in the arts could be finally healed; and there is plenty of scope for new approaches to one of the most challenging issues facing any government: the media, and especially the broadcasting, revolution.

The Department of National Heritage was a good idea which has not yet established deep and permanent roots. It needs a confident minister to build on its best intentions, and to expand its influence into areas which can make a greater impact on contemporary society.

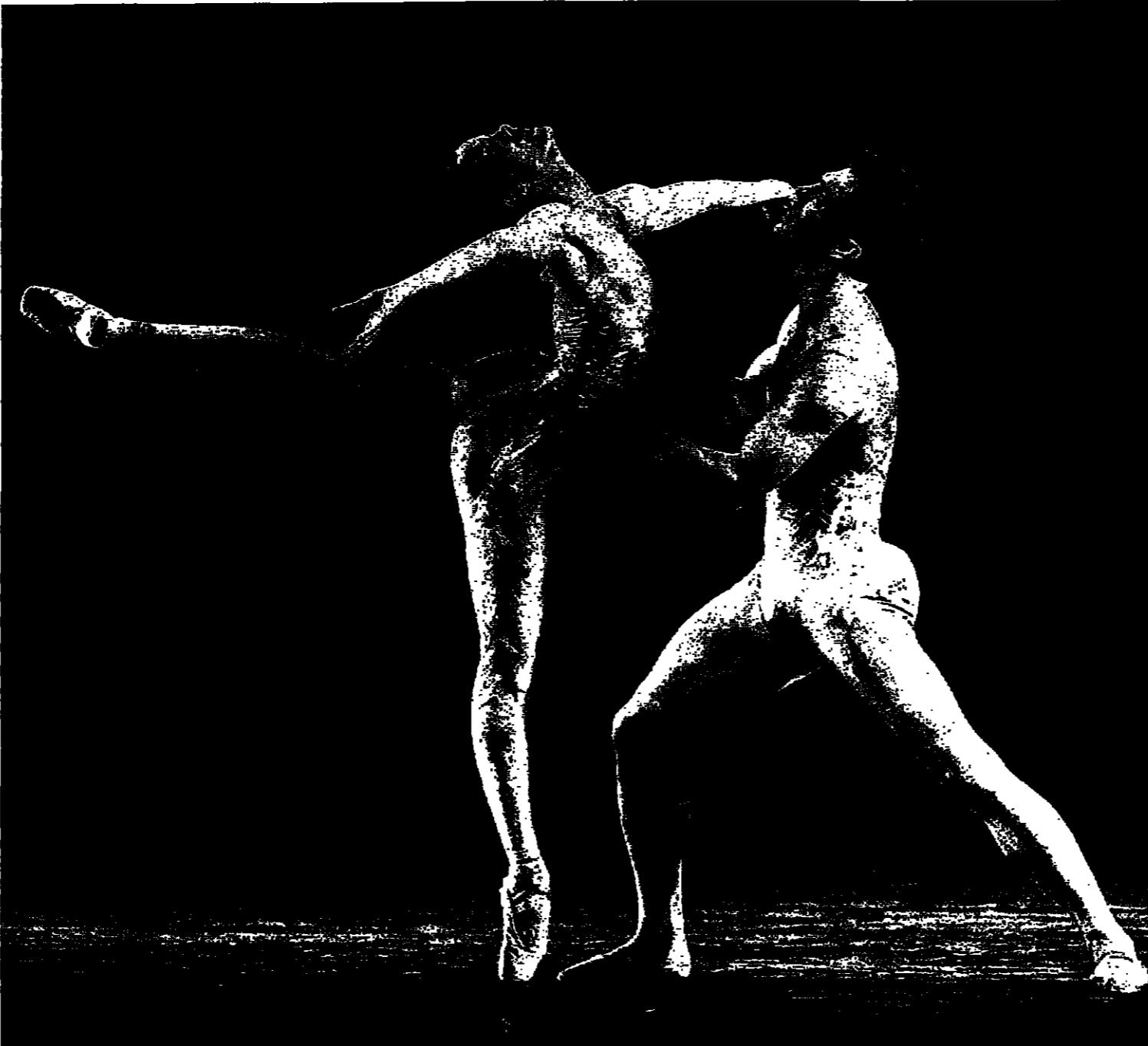
Ballet And did the earth move for you too?

Ecstasy, on stage as at an all-night rave, is A Bad Thing. In *Amores*, a new piece by Glen Tetley given its first Royal Ballet performance on Wednesday, the three couples in its cast are very ecstatic indeed. The women fling themselves into their partners' arms, are carried interminably on high and register so much arched-body delight that the piece might be re-titled "And did the earth move for you, too?"

Against Nadine Baylis's handsome backdrop of a thick-impasto blotch of paint that is by turns earth and greenery, wearing lamentable sardine-shiny leotards in pastel shades, the dancers are involved in a choreographic text that is part *déjà-vu* (Tetley's style has ever been muscularly over-wrought) and part vain repetition.

A disquieting if incidental fact is that the same dance forces are involved in Ashton's luminous (and genuinely ecstatic) *Symphonic Variations*. But for reasons too vexing to contemplate, the Royal Ballet's directorate would rather offer us this writhing sham than a masterpiece that speaks about the company's history and true identity.

An added problem is Tetley's choice of three scores by the American "post-minimalist" (a phrase I cul with no pleasure from the programme note) Michael Torke. *December* and *Green* sound as if they were made for a New Zealand film - and an open-air one at that - while the final *Joyeux* has the grinding repetitions of *ech-minimalism* and hints



When too much ecstasy is A Bad Thing: Darcey Bussell and Stuart Cassidy in Glen Tetley's new work for the Royal Ballet, 'Amores'

Theatre/Martin Hoyle Private Lives for the 1990s

It was when the illicit lovers - she a self-sufficient man-bather, he her best friend's fiancée - pummelling and kicking each other, finally rolled exhausted on the floor, that I realised the true identity of Alan Ayckbourn's new play, *Things We Do for Love*. The scribe of Scarborough has rewritten *Private Lives* for the 1990s suburbs (a bijou house in "London SW", to be precise), foul of mouth, crossed of purpose and explicit of sex. On Tuesday the Stephen Joseph Theatre's proscenium auditorium, the McCarthy, resounded to cheery Yorkshire approbation of such ruderies *as coitus interruptus, fetishism and transvestism*.

Career woman Barbara is letting her upstairs flat to old school-friend Nikki and Nikki's fiancée, Hamish, while their new house is prepared. Roger Glossop's set gives us Barbara's sitting-room, all single woman's neatness complete with antique chairs not meant to be sat on, plus the first couple of feet or so of the upstairs flat - scope for eloquent legwork from invisible actors kicking off nether underwear in uncontrollable lust or humping up the bedclothes in orgasmic frolics. The bottom left-hand corner of the stage also lights up: the ceiling of the basement flat where Gilbert, a postman by profession, handyman by inclination and secret admirer of Barbara, is doing a Michelangelo by secretly painting her, vast and nude, over his living quarters.

The instant loathing between the brashly unemotional landlady and her temporary guest, Hamish, hints at the ever perverse Ayckbourn's intentions. They are wildly, passionately, uncontrollably attracted; and the nub of the play charts the delicate shaded area between love and lust; and - typical Ayckbourn - the hilarious destruction of innocent bystanders. First among these is the

Like Coward, Ayckbourn is a master of keeping the verbal plates spinning in the air while the plot is at standstill. The conclusion at first suggests a bleak loneliness for all concerned, then a happy ending for the improbable Beatrice and Benedick. But the final embrace of the ill-assorted lovers leaves us wondering, as the wily author doubtless intends, about the chances of happiness for Barbara, the tempestuous sexual novitiate, and Hamish, with his track record of broken relationships. Forget Sartre: Ayckbourn's comedies, so often prompting guilty laughter at others' pain, long ago proved that hell is other people, even as they blunder mistakenly on the road to heaven.

Clement Crisp

that the refrigerator is on the blink again. The music offers nothing to dance, and Tetley's manner - movement spread over the score like a tramp on a bench - discerns nothing of value in it, which may be proof of musical sensibility on Tetley's part.

The cast race hither and yon, proposing spurious emotion and real physical effort. Only Michael Nunn emerges with any credit: his style is clean, his phrasing shapely. Darcey Bussell

seems to be a central figure, and she is lifted or sinks to the ground in what may be amorous delight but looks more like cramp. She is ill-served throughout.

The triple bill to which *Amores* is central, was supposed to begin with Balanchine's *Apollo*. The Balanchine Trust, wisely established to preserve the text and manner of his ballets - ah, would there were a Petipa Trust, too! - made certain requirements when the staging was proposed.

These the Royal Ballet could not fulfil, and *Apollo* was cancelled by the trust, and rightly so, I feel.

The substitution of *The Judas Tree* is bizarre. It is a very fine ballet - stunningly well danced by Irak Mukhamedov on Wednesday night - but is no opener for a programme, and no acceptable substitute for *Apollo*. (That the crucial hanging was preceded by the all-too-obvious arrival of a stage-hand to help Mukhamedov is typical of this season's

errant standards.) Mukhamedov's performance, though, has grown even denser, darker in feeling and dancing, more penetrating to the ballet's core. It is one of the greatest things he has done in his career.

The closing *Symphony in C* is Balanchine and sunshine and youthful Bizet, and in good performance as near bliss as we are entitled to expect in this vale of tears. On this occasion the fourth movement featured dancing as near the Nether

Pit as I ever hope to go. (If the Royal Ballet cannot provide a fitting soloist, then vestigial respect for Balanchine ought to have brought the cancellation of this item, too.) It was Darcey Bussell in the adagio, relishing every step, dancing with a joyous ease, who reminded us what this marvellous work is about: the freshness of Bizet's 17-year-old genius and Balanchine's perfect realisation of it.

Clement Crisp

Television/Christopher Dunkley

Getting right to the heart of the matter

For British television the operating theatre has become what the wild west used to be for Hollywood: a setting within which drama can deal with almost any subject under the sun. While telling seemingly simple stories in which a man had to do what a man had to do, the western served as metaphor for matters as large as American isolationism (the ageing paternals who wants to cut himself off from his family on the ranch and ignore the outside world); the evils of the cartel (conspiring cartels foiled by heroic lone outsider); or racial intolerance (vicious and murderous redskins in the early days, vicious and murderous palefaces later). Many were simpler, dealing with familiar tales of justice, love, loyalty, brotherly competition, fam-

ily feuds, or the usurping of the old by the young. Why everyone other than Clint Eastwood has now abandoned this invaluable, hold-all, goodness knows.

BBC1's two-part drama *The Heart Surgeon* which starts tomorrow evening and ends on Bank Holiday Monday, involves adultery, the intrusion of profit motive into medicine, ethics - should a surgeon perform a heart-by-pass operation on his best friend? - profes-

together that it is, as much as anything, a male friendship that lies at the centre of the matter.

Indeed, one of the strengths throughout this piece, directed by Audrey Cooke (whose previous work includes the wonderful *Cardiac Arrest* and soaps such as *EastEnders* and *Brookside*) is the subtlety with which facts are conveyed. Nigel Havers, one of those matinee idol actors who never gives a bad performance and here delivers an unusually good one, is never provided with any lines to show what he thinks of the new layers of administration in British hospitals, yet you rapidly realise that he is contemptuous. Similarly Michael Troughton, who gives a delightfully understated performance as the anaesthetist, communicates without the need of direct statements the fact that Alex's professional brilliance inspires his admiration yet also his distrust.

There is more of the

"A.C.T. please! Cut! Clamp! Saline!" than would seem to be strictly necessary, but perhaps those in drama feel

that viewers now consume such huge amounts of the real thing in medical documentaries that long-winded close-up detail has become de rigueur. Some will enjoy all the tension of the operations which is created with such convincing detail, and the rest of us can always look away. It does not greatly matter. What does matter is the way in which a story set up so interestingly in the first half to consider a complicated mixture of sexual and medical ethics, almost abandons that thread in the second half and becomes a rather mundane whodunit.

On the following night, Tuesday, the same channel offers a very different sort of drama. *Missing in Action* uses actors, archive sound, clips from television news programmes, and other material to tell how American fighter pilot Scott O'Grady was shot down over Bosnia, hid in the woods for six days, and was rescued by the Marines. It is real Boys' Own stuff, but we all know the outcome, so it is impossible to tantalise us, and there is not enough interesting material to fill 50 minutes. Padding it out with repeated shots of O'Grady's father and sister anxiously following the events back in the US merely slows things down. The programme would be greatly improved by a 20-minute cut, and could be transformed into something really enthralling if anyone had the courage to trim it back to 15 minutes.

Concerts/Richard Fairman

The Sanderling sound

In recent years the Philharmonia has settled on Kurt Sanderling as its elder statesman among conductors. The 84-year-old east German was given two prestigious concerts at last summer's Edinburgh Festival, has just completed a three-concert series at the Royal Festival Hall and is booked to open the orchestra's 1997/8 season there in September.

Fame - if such it be - has come late for Sanderling. The top German maestros in the generation before, such as Karajan and Böhm, were feted in a way that has not happened to their successors, who are perhaps more modest men. Sanderling has never enjoyed the marketing power that comes with a major record company contract, as for example Böhm did, even though I would not hesitate to rank him the more interesting conductor.

The last of these three Philharmonic concerts concluded with an epic performance of Shostakovich's Eighth Symphony. Tchaikovsky's Fourth Symphony in the first of this series was one of those. Forget Tchaikovsky's romantic extrovert: this was a dour symphony, weighed down with deeply pessimistic thoughts - a

valid view for sure, but I would not wish to hear it played like this often.

There were two concertos. In the first programme the composer's son, Michael Sanderling, proved himself a pleasing cellist in Shostakovich's Second Cello Concerto; in the second, Antje Weithaas played Mendelssohn's Violin Concerto with a nice feeling for its lyrical nature, but utilitarian tone.

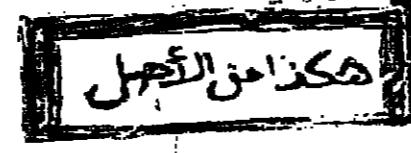
The Philharmonia, in rugged and determined form, makes a good vehicle for Sanderling's kind of music-making. They are wise to use him, while he is still here.

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COLLECTING

The UK is set to lose one of its finest 17th century paintings. Poussin's "Tempo Calme" has been sold by the Dent-Brocklehurst family of Sudley Castle to the Getty Museum in Malibu, California, for a reputed £12m (\$19.5m). This is the latest of a string of masterworks, including paintings by Rembrandt, Claude and Constable, dispersed from Sudley.

There will be cries of outrage, notably from Timothy Clifford of the National Galleries of Scotland, who has long coveted the painting, but, since the nation is not short of works by the French Italianate artist, "Tempo Calme" will probably go west. The Getty Museum, with more than \$100m a year to spend, can afford to indulge in a buying spree to fill its new museum, which opens later this year.

High value is still placed on the best old paintings, especially by museums, finds Antony Thorncroft

A number of rich aristocratic owners are obviously cashing in their treasures now as a precaution against a possibly tougher tax regime under a Labour government. Many works - the Duke of Northumberland's Raphael; a Holbein of the Marquess of Cholmondeley; the Bacon family's Dürer; all multi-million pound paintings - have been safely gathered into the National Gallery, but an important Fra Bartolomeo, owned by Viscount Cade, and a Guercino from Castle Howard, have been lost to the Getty.

The Heritage Lottery Fund, which has the resources to keep such

works in the UK, is wary of spending too much of the lottery players' money on bailing out the rich.

What the latest excitement underlines is the high value still placed on the best Old Masters, and the reluctance of their owners to entrust them to the vagaries of the saleroom. Whereas the market in Impressionist and Modern art, at the top level, is now dominated by Sotheby's and Christie's, their impact on Old Masters has not grown apace. Here the dealers, and the museums, retain their influence.

There are good reasons why this should be so. Old Master paintings come with

a health warning. There are much more likely to be problems over authenticity, provenance, and condition than with more recent art. Most of the finest examples are locked into museums, reducing the buying opportunities for wealthy collectors. There is also the challenge of subject matter. Until the 17th century most paintings had religious themes, an iconography beyond the knowledge of many potential buyers today. The guiding hand of a dealer can seem desirable.

The highlight of the top Old Master dealers' year is the Maastricht Fair. There is a tradition of collecting among wealthy Germans, French, Dutch and Belgians which stretches back over three centuries and now the fair is grand enough to bring over the Americans. Apart from the recent interest of Sir Graham Kirkham, there are few British collectors of Old Masters.

It was a good Maastricht for the trade this year, and among the highlights for London dealers were "The Battle between Carnival and Lent" by Pieter Brueghel the Younger, which Johnny Van Haefter sold for around £1.5m, and a Canaletto capriccio, which Colnaghi sold for about £1.1m. Works by the younger Brueghels

and Canaletto, along with Dutch cabinet pictures, neatly sum up most of what is on offer among Old Masters. The great masterpieces by Raphael, Botticelli, Leonardo, long ago entered public collections.

London in July), and affecting religious scenes, like the Crucifixion. But buyers of Old Masters go for the impact of the picture rather than the artist's name.

Anyone who missed out in Maastricht gets another chance to view hundreds of Old Masters in New York at the International Fine Art Fair, which opens at the Armory on Friday. Dealers can still sniff out major paintings, and Noortman is offering a pair of portraits by Frans Hals for £7.5m.

Even for top dealers fair have become the key selling opportunity: their galleries are an increasingly expensive shop window, especially

If the window is in London's Bond Street. Last year Colnaghi decided to move to the back of its space, letting the front to a clothes shop. Now London's other grand old name, Agnew, is doing the same. There is much more profit in fashion than Fragonard these days.

But Old Masters will retain their allure, if only because they are so cheap compared with later art. It is quite extraordinary that good examples of paintings by such revered names as Tintoretto, Claude and Tiepolo can be bought for around £500,000 on the rare occasions that they arrive on the market.

Acrylic paintings by artists of the postwar New York School, Andy Warhol for one, whose place in art history has yet to be determined, often sell for twice as much.

Old masterwork heading west

High value is still placed on the best old paintings, especially by museums, finds Antony Thorncroft

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Canvassing Asian art

Ann Chubb sees east Asian wealth on the walls of Singapore

With the Hong Kong hand-over to China imminent, Singapore likes to see itself as the arts springboard for Asia. And ironically, it is a

British-based company which has established over the last five years the biggest annual International Fine Art and Antiques fair for Asia, Tresors, which opened last week in Singapore.

Singapore, a one-time fishing village, has developed into a wealthy international business centre and south-east Asia's new millionaires are hungry for culture. The government is sinking billions into making Singapore a global city for the arts, building an opera house to rival Sydney's and installing new museums like the just-opened Museum for Asian Civilisations.

There are already 300 art galleries in the city, and over the past few years the auction houses have established bases there, too. Sotheby's and Christie's recently held auctions and Bonhams held its, in aid of awareness of endangered species of wildlife, on April 26.

East truly met west at Tresors with its extraordinary mix of world treasures, from Asian art to Chinese porcelain, Victorian silver to Persian carpets, Chagalls and

Picassos to the graffiti art of the late Jean-Michel Basquiat and aboriginal art of Australia - a treasure trove expected to attract spending in the region of \$25m.

But what truly dazzled at Tresors was the jewellery, with glittering displays from five of the world's top jewellers, none of whom ever exhibit at any other fair in the world. For at Tresors they not only reach the rich Singaporeans but Indonesians, Malaysians, Bruneis, Filipinos and Thais, all of whom prefer to buy in privacy outside their own countries.

The jewellery market in Singapore is one of the most sophisticated in the world. Certainly it appeared that way, with pearls the size of quail's eggs, diamonds as big as 500 pieces and rare examples of art deco.

Looking at the stands at Tresors, established by Britain's Fine Art and Antique Exhibitions, one could be forgiven for thinking that coloured diamonds were this year's new trend. In fact, it is rare to see so many coloured diamonds - blue, pink, yellow, green and orange - all under one roof.

As the principal world dealers in coloured diamonds were this year's new trend. In fact, it is rare to see so many coloured diamonds - blue, pink, yellow, green and orange - all under one roof.

notably the unique collection of perfect D-diamonds exhibited by Graff of London. All in all, a stunning display worth \$70m was on offer.

As the principal world dealers in coloured diamonds were this year's new trend. In fact, it is rare to see so many coloured diamonds - blue, pink, yellow, green and orange - all under one roof.

most expensive diamond on view was a flawless deep blue heart-shaped valued at \$5m and a flawless D-diamond of more than 40 carats in a pear shape worth \$5m.

Exquisite art deco jewelry and Fabergé pieces were

on show at royal jewellers Wartski of Mayfair, which was exhibiting for the first time. "They seem to have an insatiable appetite for jewellery here," said Wartski's Geoffrey Munn. "They're obsessed with carat weight and stones, which can be a problem with the sort of antique jewellery we sell. The focus of interest is on art deco."

"Many of the buyers are executive women buying for themselves. We sold a 19th century carved gold ring with a cushion-shaped white diamond for \$88,750 to a Singaporean lady who works as a banker."

Crown jewellers Garrards brought a cross-section of what they sell in London, from an art deco silver tea set to a Georgian silver cutlery box and a magnificent collection of jewellery, again focusing on art deco. A



'Mystery of the ninth woman', one of a series of three paintings by Erica Hestu Wahyuni

buy art when I like it, and when I like it I don't want to sell it."

The Enrico Navarra gallery from Paris created enormous interest with its provocative paintings and collages by Jean-Michel Basquiat - one measuring 285cm by 285cm was valued at \$340,000 - plus Chagall and Picasso drawings from 1912. Showing for the first time it was more interested in making contacts with museums and private collectors.

"If we can find two or three art lovers and help them find what they want it is certainly worth our while," it said.

In a market where the status of obvious quality is valued, Robert Bowman from London, specialising in 19th and 20th century sculpture, does well. By day two he had already made one good sale - a big bronze of an Egyptian woman by the French

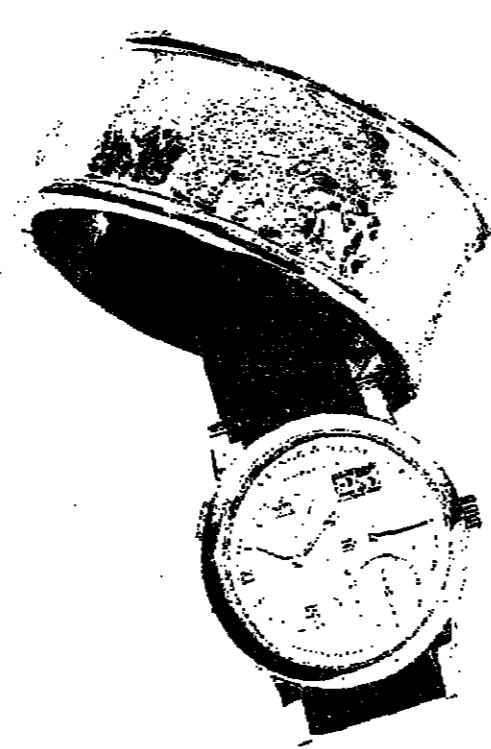
artist Matthew Matharin Moreau dated 1822-1912, which fetched \$20,000.

"It's a market with tremendous purchasing power," he said. "But they are always very concerned about getting something that is worth what they paid for it. They like Egyptian figures because they have an exotic quality that is familiar to them."

Marlborough Fine Art, exhibiting for the first time, featured the bold, bright paintings of Bolero and an array of paintings by Chen Yi Fei, the most sought-after contemporary Chinese artist in the world.

Tresors' organiser Bill Burris says the Asia-Pacific market has become more sophisticated over the last five years. Next year he plans to take the fair to Hong Kong with a package deal on freight and travel that would make an attractive offer for dealers.

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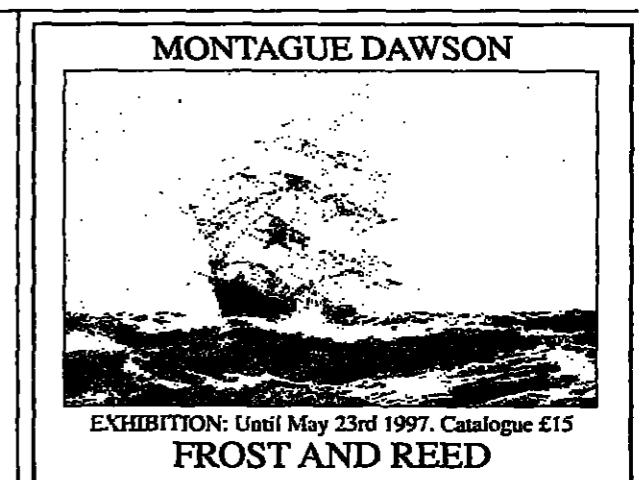
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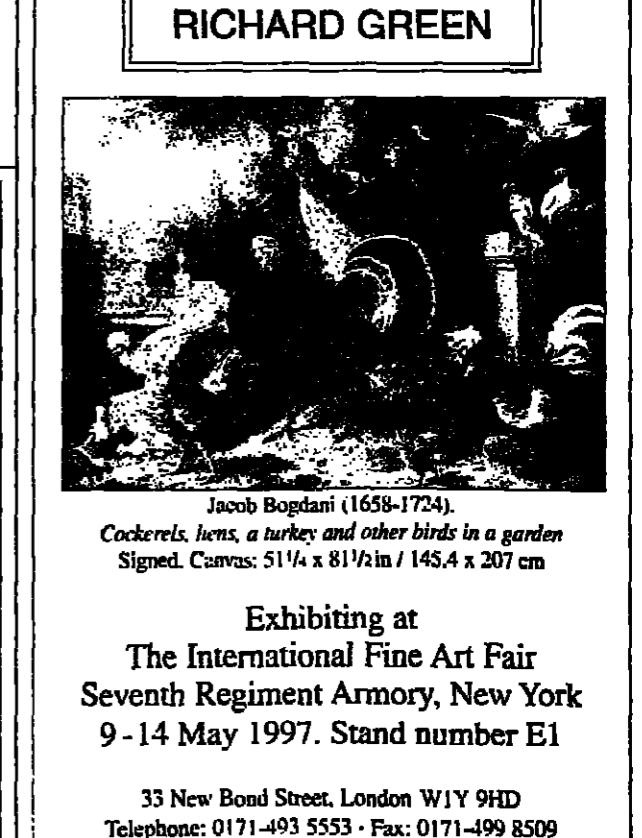
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Jacob Bogdani (1658-1724)
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How to Spend It

Less is better when pottering in your garden

Lucia van der Post looks at the latest obsession of the 1990s

In the postmodern garden, fuss and superficiality are out. Nevertheless, gardening has become one of the obsessions of the age, a new vehicle for displaying superior taste and moral judgments.

Whether focused on an urban plot or a rustic retreat, how you garden, what you grow and what is in your garden tell the world

more about yourself than you probably wish it to know.

When it comes to accessories, what the modern garden requires is less rather than more. But the trouble with less, as I have frequently bemoaned, is that what the less consists of becomes increasingly important. A lush profusion can mask a lack of quality but when

there is very little for the eye to alight upon the eye becomes a stricter, less indulgent judge.

For those who feel more comfortable with old-fashioned borders and jungly excess whose tastes run to the ornate and the decorative, these are tough times. Minimalism seems to be moving inexorably into the garden.

Strong lines and

sculptural shapes are taking over from the sweet abundance that was the hallmark of the English garden.

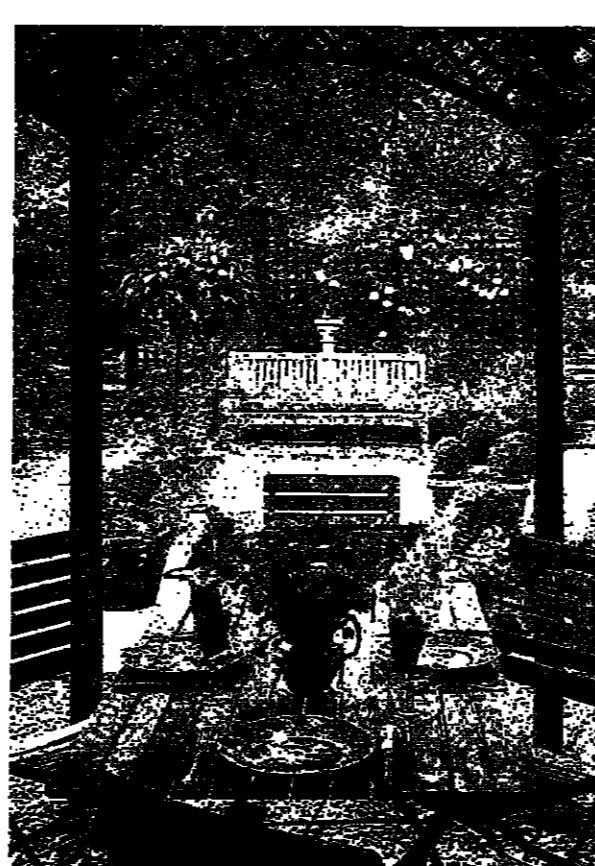
As the better weather arrives, as spring gives way to summer, decisions have to be taken. So here for those who are pondering on what to do with patios, pools and lawns, is a collection of just some of the options around.

Clean and simple does it

■ For those who believe that plain and simple is best, Gloster is a name to look out for. It offers furniture with an English look – nothing fancy, nothing purely decorative, just clean lines and solid woods. The nearest Gloster comes to the curvy or the decorative is in the Marlborough, a wooden seat inspired by a traditional Lutyens design. All the furniture is made from timber – either American White Oak from what are described as "managed" sources in North America, or teak from another managed plantation in Java.

The furniture pictured right: the Rivo range of dining furniture costs £243 for the table, £279 for each chair (a carver is available for about £463). In the background is the Madison garden seat, which is £785. Gloster furniture can be found in a wide range of good furniture stores and garden centres.

For further stockists ring 0117-931 5335.



Pots for all seasons

■ For the urban gardener, far more than for those with ancestral acres, the pot or plant container is usually the key to growing fine plants.

Almost every garden centre these days sells a fine collection but for those who are looking for something more individual the name of Svend Bayer is worth noting.

A fine potter, he is best known for making large planters and urns by a combination of throwing and coiling. He uses a wood-fired kiln so the colours of the glazes and finishes are not always predictable, making every pot unique.

At his home in Devon he has four large, wood-fired kilns, and readers interested in buying one of his special urns or containers can visit him there (Duckpool Cottage, Sheepwash, Beaworthy, Devon EX31 5FW but telephone 01409-231282 first) between 8.30am and 6pm.

Prices range from £187 for pots in his standard range – about 22in wide by 12in high – but the really large pots vary from £600 to £2,000 depending on the size, the quality of the glazes and the texture. These are usually made to order.

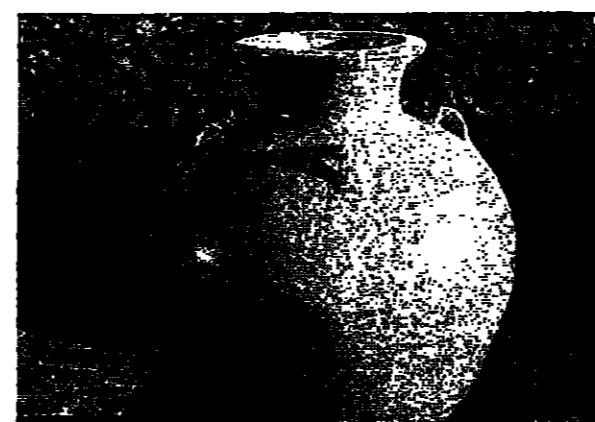
With another potter, Jonathan Garratt, who also uses a wood-fired kiln for his pots, Bayer will be exhibiting his pots at 60

Addison Road, London W14 from May 22 (open from 5pm to 8pm) through May 23 (from 10am to 8pm) to May 24 and 25 (from 10am to 5pm).

Garratt's pots are on the whole smaller than Bayer's and feature interesting textures as well as shapes.

He, too, has a pottery in Dorset – Hare Lane Pottery, near Wimborne, Dorset BH21 5QT (tel: 01725-517700) and readers who want to buy from the source and see the full range would be welcome to visit there.

A visit to the nearby Cranborne Garden Centre, Garratt tells me, would make a visit to that part of the world doubly worthwhile.

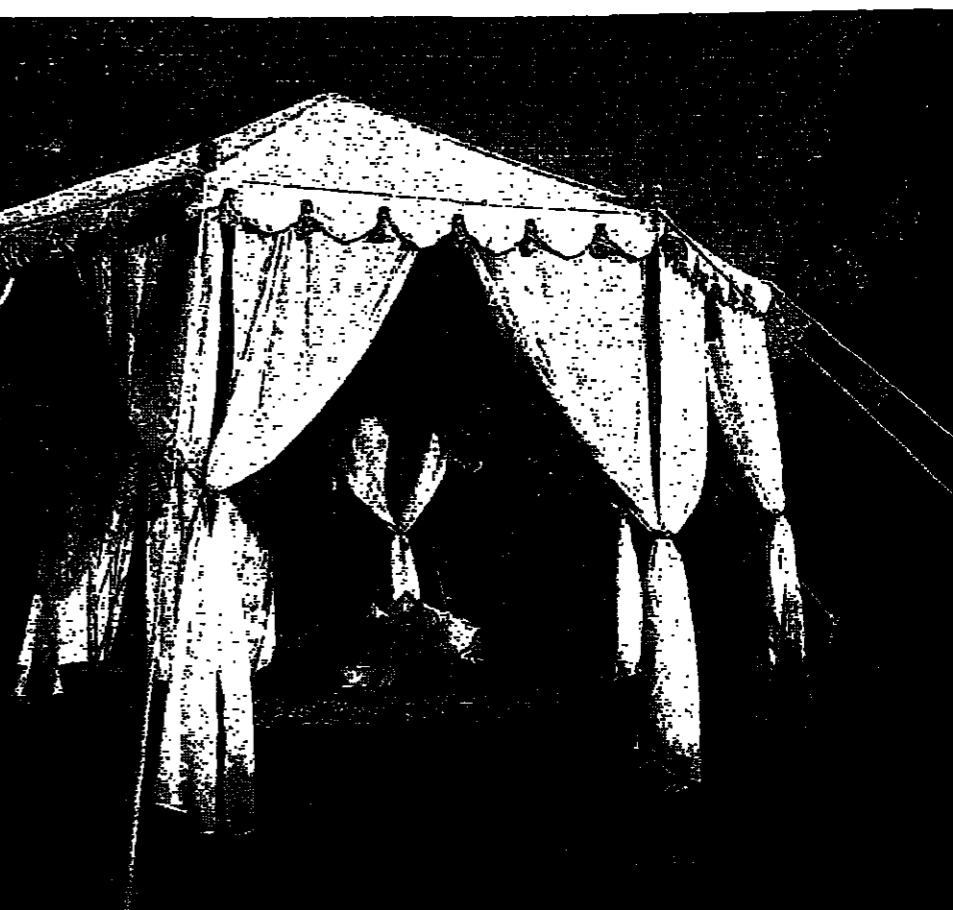


Grand statements

■ If you have grand manorial awards that need enlivening, or are looking for just one marvellous piece to grace your postmodern open-air space, then Dolf Smeets de Landas could be your man. He is to gardens what Mallett is to the house – that is, he deals in the grandest, most imposing antique garden statuary and accessories.

For those who want serious pieces Dolf could happily oblige with an 18th century statue at around £100,000, or an 18th century fountain, such as the one photographed left. And for those who have hundreds rather than thousands in mind, he always has a selection of terracotta pots and fine urns. Just one of his elegant urns – and a particularly fine one costs around £3,000 – would provide a splendid focal point for a metropolitan plot.

The old interior designers' adage that it is better to go for fewer and more imposing rather than more and small is just as true for the garden as the house. One truly splendid piece is worth any number of itsy bitsy numbers. His wares are displayed at Dunborough Park, Ripley, Woking, Surrey GU23 6AL. Viewing is by appointment only (tel: 01483-225366).



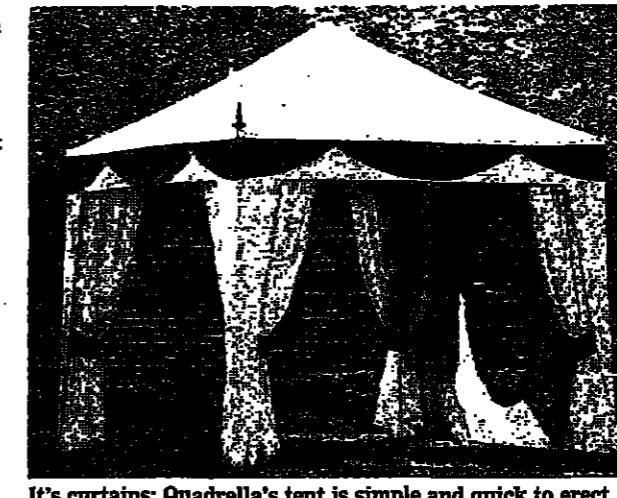
Celebrate with the tents that Rajasthan built

■ The tents that Clarissa Mitchell has developed for the Maharaja of Jodhpur will come as a revelation if your idea of a tent is the sort of thing that boy scouts cower in while dodging rain.

A graduate of the Royal College of Art, Mitchell was asked by the maharaja to help him develop a range of products which would stimulate local crafts and skills as well as reflect something of the traditions of Rajasthan, where the maharaja comes from.

Tent-making is an ancient Rajasthani skill – great tented cities would be erected for weddings, durbars, expeditions and the like and, as Mitchell points out, making them uses almost all the traditional Rajasthani crafts. From dying and wood-block printing to tassel making, carpentry, applique work, mirror work and embroidery, the tents are perfect vehicles for the region's skills.

The new tents were first used to house guests at the annual camel fair at Pushkar but since then Mitchell has developed a more versatile range of



It's curtains: Quadrille's tent is simple and quick to erect

structures – from hammocks and small canopies to pool-side pavilions.

They are, of course, highly decorative, and have been taken up by several interior decorators who have used these tents inside existing rooms (the new Oberoi hotel in Jaipur, for instance, will feature a series of embroidered, tented rooms).

Tour operators also use them for tourists going to remote regions (they are particularly useful in fragile eco-systems, such as

Namibia, where they do less damage than permanent

Mughal Tent, in the favourite colours of the great Mughal emperors – turquoise and Lapis lazuli – will be on show at the Chelsea Flower Show.

Small pergolas (from £30) and hammocks (£275) will be on sale at The Chelsea Gardener, Sydney Street, London SW3. Further details from The Raj Tent Club, 361 Lansdowne Crescent, London W11 2NT (tel: 0171-221 4273).

Less exotic, as they come only in the standard 10ft by 10ft size, is the Quadrilla tent designed by Richard Brooke. It folds down to a package measuring 4½ ft high by 1 ft square (which would fit into an estate car), and he envisages it being used as a garden canopy over an outdoor dining-table or as a poolside extra room either for eating or simply for sitting in.

The tents come in nine colours, each costing £3,300 without a back wall (but complete with dress curtains) – the back wall is another £375. Further details from Brooke Design, 33 Astonville Street, London SW18 5AN. Tel: 0181-874 5771.

L.v.d.P.



Harmony in conservatories

■ Amdega is one of the big names in conservatory design and those who are going to the Chelsea Flower Show should make a point of looking out for it this year. A large conservatory, three summerhouses and lots of pots and other containers show that both inside the conservatory and out can be linked visually by a varying arrangement of items.

Amdega has chiefly built its business on integrating the conservatory with traditional English architecture, and the belief that harmony is the secret of successful building and restoration. In keeping with this mood, it has developed eight new botanical paint colours. Choose from Iberis White, Stephanotis Cream, Nigella Blue, Eryngium Blue, Berberis Blue, Ilex Green, Hosta Green, Wisteria Lilac and Zinnia Red. Contact Amdega Conservatories on 0800 591523 for further details.

Photographed above is Wisteria Lilac.

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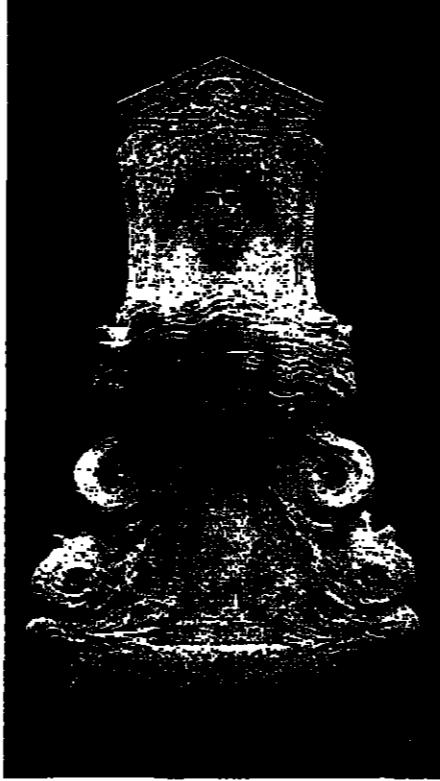
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HOW TO SPEND IT

(From top left, clockwise)

□ Black strappy suede wedge heel, £215, by Ferragamo, 24 Old Bond St, W1, tel 0171-629 5007. Also available in chocolate brown, this elegant ankle-strap shoe with square wedge and fine straps across the foot sums up the look of the season.

□ Tiger print wedge mules, £140, by Armando Pollini, 35 Brook St, London W1, tel 0171-629 7806. Animal prints are very popular for shoes and accessories. These shoes are well made with a substantial vam to prevent them slipping off the foot.

□ Leopard print shoe with wedge wooden heel, £255, by Dolce & Gabbana from Browns, 23 South Molton Street, London W1, tel 0171-491 7833. On a par with Prada in terms of desirability, Dolce & Gabbana's animal or floral brocade shoes look exquisite for evening - worn with a plain colour or a clashing print.

□ Navy patent wedge, £180, by Prada from Harrods, Knightsbridge, London SW3, tel 0171-730 1224. The choice at Prada ranges from gold evening wedges, delicate velvets and shoes with appliquéd wedges to this more substantial leather style. It looks very elegant on, and the cushioned, lightweight sole and wide straps ensure that it is comfortable to wear.

□ Pink suede ankle strap shoes, £215, from a selection at Gina, 189 Sloane Street, SW1, tel 0171-235 2332. Ranging from delicate floral prints to icy lace leather or aquamarine velvet, Gina has some of the most beautiful versions of the wedge and platform shoe.

Drawing by Graham Marsh



Fashion

Stacked high with elegance

Wedges and platforms are back, but not the orthopaedic shoes of the 1970s, says Karen Wheeler

Elegant is not a word normally used to describe the wedge heel. Along with stretchy tube-tops and sky-blue eye shadow, it is rarely found in the wardrobe of the well-dressed woman - regardless of whether or not it is in fashion. But this summer the unthinkable has happened. The wedge and the platform are back.

This time around, however, designers have produced shoes which are as elegant as the most dainty pair of Manolo Blahnik mules.

In the palest suedes, delicate sorbet colours, floral prints or opulent velvets and brocades, they come in simple, sculptural shapes and look more desirable than ever before. As you may have guessed, they bear little relation to the clumpy, thick orthopaedic-looking soles of the 1960s and 1970s.

And thanks to lightweight, flexible materials and cushioning, the best designs are surprisingly comfortable and not heavy or cumbersome to wear. This is important, says Aydin Kursad, owner of Gina Shoes, since, "What makes a shoe sexy is how a woman walks in it and if she is in agony, the effect is going to be lost".

Like Manolo Blahnik's elegant but impractical stilettos, the latest wedge heels nonetheless merit the label "limo shoes". They are for special occasion rather than everyday wear and, while they are not suited to running around in the city, they look good for evenings, holidays or even weddings. Their revival owes much to the fashionable oriental look - many styles have wooden soles, for example.

Wedge heels also form the perfect counterpoint to the delicate chiffons and prints which are popular for summer. A heavier sole suddenly looks right. Prada's plush red or navy velvet wedges (£185), attached to the foot by three minimal straps, one around the ankle, is without a doubt the definitive shoe of the season.

Since it was shown with oriental jackets and chiffon skirts on the Prada catwalk more than six months ago, fashionable women around the world have been desperate to get their hands on a pair.

Other fine versions can be found at Salvatore Ferragamo, the Italian house which made platform-sole shoes high fashion in the 1940s. And anybody worried that wedge heels will be a one-season wonder can rest assured: Ferragamo has an even bigger selection for autumn/winter including gold evening wedges and a chocolate suede style, which is an exact replica of

one of its 1940s designs.

It is not just Italian shoe designers who are making wearable wedges. British label Gina - which specialises in slim, strappy shoes for the Princess of Wales and other smart society women - has gone overboard for stack-heeled shoes and has some of the prettiest styles and colours around. Gina created the wedge heels for the recent Amanda Wakeley show and reports that it has been struggling to keep up with demand ever since.

"High and medium heels, in ivory, pink or florals, have all sold very well," says Kursad, who expects designs to get strappier as we get closer to summer. "Even our more traditional customers are wearing these. It helps that all of our wedges are attractive and stay on the foot. You only look like a fashion victim if you can't walk in them and you can't run in them."

The latest wedge heels merit the label 'limo shoes'.

The soles don't flex."

There are several other pointers to ensure that you look elegant. First, choose a style where the upper is covered in the same material as the heel, and always check the rear view, since the best designs do not look like wedges at all from the back but stilettos.

Second, do not wear ankle-socks or, indeed, if they are open-toed, any hosiery at all. Third, do not be tempted to buy a cheap pair; the best styles all cost well over £100, the only exception is the baby-blue suede wedge shoe (£44.99) from high street store Next, which is pretty and wearable.

Since many of the prettiest wedge shoes are open-toe and attached to the foot in the most minimal way, it is a good idea to get your feet into shape first. If they have been particularly neglected, it is worth investing in proper chiropody rather than just a pedicure.

Scholl offers a treatment at its chiropody clinics around the UK for £25, which works wonders on any feet. When honed into shape, paint the toes in one of the pale, translucent shades or spring-green colours popular this season. A slick of Boots No 7 Cucumber Crush, £4.50; Chanel's Double Blanc, £11, or Ironique (a pale pink) should do the trick.

Finally, wedge heels are flattering as they visually trick the eye into slimming the legs and ankles.

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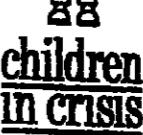
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MOTORING

Max Mosley and the FIA A voice for the world's drivers

Led by its British supremo, the body that controls motor sport globally is going all out to help Mr Average, says John Griffiths

Mention of the Federation Internationale de l'Automobile (FIA) and Max Mosley, its president, usually conjures up images of grand prix cars and motor sport, of which the FIA is the world governing body.

But bureaucrats at the European Union headquarters in Brussels, along with

politicians, car makers and the oil industry, are learning rapidly – and, potentially, at heavy cost – that it is much, much more than that.

Mosley – a barrister, former grand prix team-owner and son of Sir Oswald Mosley, a one-time controversial right-wing British politician – is placing the FIA increasingly in the thick of some strategic, transport-related battles that are very far

removed from the world's race tracks.

These battles – on the industrial, commercial and legislative fronts – already are having an impact on millions of private and business motorists in terms of the safety, fuel efficiency, environmental cleanliness and even the running costs of the cars they drive.

The FIA's influence on their outcome is no less piv-

otal for having been applied mostly behind the scenes.

Now, however, both it and its work are becoming more visible as a matter of policy – as, arguably, they should.

For, as the umbrella body covering the motoring organisations of 143 countries, it is – or certainly should have been – the voice of more than 100m individual motorists worldwide in international debates about

the future of private transport.

It is now nearly four years since Mosley, showing the tactical skills which some colleagues insist will see him entering mainstream politics eventually, staged an adroit electoral coup to dislodge the extrovert Jean-Marie Balestre as the FIA's president.

Balestre, who treated the organisation's elegant Paris headquarters as a per-

sonal fiefdom, did much to raise his own profile during his years in power. But although always keen to share the winner's podium with grand prix drivers, he confined himself to gesture politics when it came to the FIA's potentially significant role in transport.

Mosley is no personal tub-thumper. But he has moved decisively to push the FIA towards a higher public pro-

ficiency. Earlier this year, it told European Parliament members that there are around 15m car breakdowns in Europe each year. Of these, 15 per cent involve electronics. It is crucial, the FIA says, that roadside rescue services, such as Britain's AA or RAC, can "plug in" as well.

Both have been needed to provide the organisation with legitimacy and gravitas for its drive to the forefront of crucial debates about motoring and mobility – matters that affect all drivers.

Some examples. In July, the European New Car Assessment programme (EuroNCAP), a consortium including FIA, the UK Department of Transport, and International Testing (an association of 21 European consumer organisations) will publish its own crash tests for Europe's leading family cars. These are likely to generate as big a furor as NCAP's supermini tests earlier this year in which some cars, including Rover's 100, fared very badly indeed.

The industry, led by the European Automobile Manufacturers Association (ACEA), protested angrily that the tests – conducted at 64kph (40mph) – were "unfair" because the present official test speed is only 50kph (31mph) and stiffer legislation next year still will require only a 56kph (35mph) impact. Mosley, NCAP's chairman, is unimpressed. "We felt like saying to ACEA that, if carmakers didn't like it, they should put stickers on their cars saying: 'Please do not crash this car at more than 56kph...'"

"More than ever before, safety is selling cars. The 'official' crash tests do set a basic benchmark. But just as there are some people who like a car with the right colour, or that goes fast, the NCAP tests provide something extra for consumers for whom safety is of overriding concern – and for those carmakers who see safety design as a market opportunity."

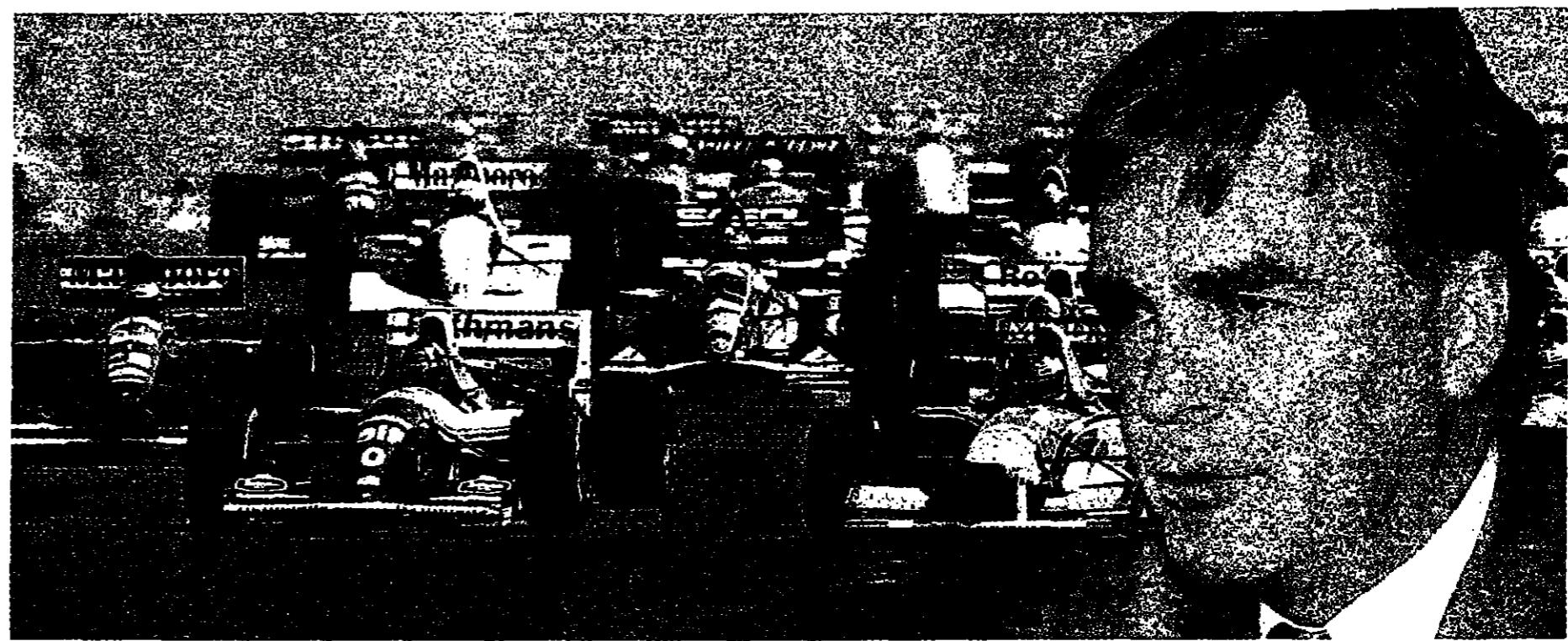
While reluctant to say so itself, the FIA largely was responsible – through its intensive lobbying in Brussels – for the substantial increase in the severity of next year's official crash test standards. According to estimates by the UK Department of Transport, deaths and severe injuries would be reduced by 90,000 a year if all EU cars met the new standards.

Meanwhile, the FIA also is battling on two other main fronts: with some major carmakers over on-board diagnostics (OBDs), and with Europe's oil industry over exhaust emissions. OBDs may sound especially boring but they are of huge significance to makers, motoring organisations and ordinary drivers alike.

With engines, gearboxes, brakes and other systems coming more and more under electronic control (as will be automatic collision avoidance and so-called intelligent cruise control, plus other innovations, within a few years), fault diagnosis increasingly must be performed by computer plugged in to the car's control circuits.

In Europe, however, some carmakers and their dealers see OBDs as a potential gravy train. They reason that if they can ensure that only their own approved equipment can be used, owners will not be able to go anywhere else for service and repairs.

The FIA opposes this



Wheels within wheels... Max Mosley, motor sport's global chief, has done much to give the FIA a higher public profile and has embarked on a series of battles that may shape the future of private transport

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PROPERTY

The break in the weather has revived gardeners' spirits and the return of a measure of rain has made the whole pursuit seem possible. I have already seen roses fully open in April, culminating in an unwise bloom on the excellent old pink Isphahan which has been greeting the start of the unversity term.

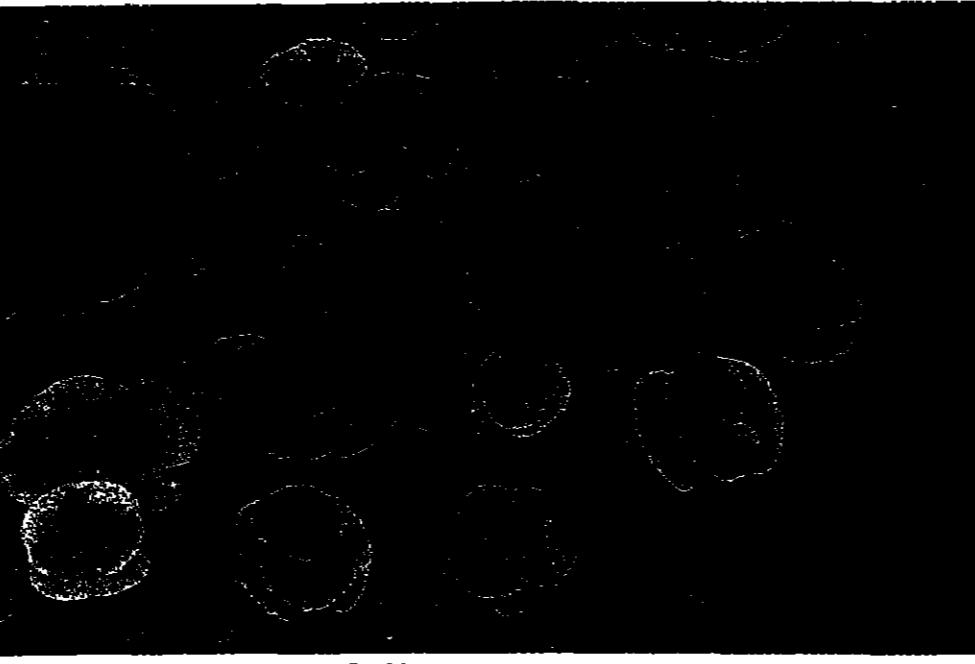
There never was such an April in Britain and for once T.S. Eliot was right: we lived through "the cruellest month/Breeding lilacs out of the dead land". I have never seen lilacs in an English April and previously assumed that like most poets, he was a botanical liar or thinking vaguely of the Mediterranean.

If the dry weather in England really has relented, we are just in time for seed-sowing outdoors. Throughout dry April, was the opportunity which I most regretted. Well-chosen sowings in late April are the easiest way to enliven a garden in late summer. The job is easy and if the soil is slightly damp, I urge you to attend to it in the next 10 days.

All you need to do is clear away weeds, scuffle over the surface of the soil to a depth of a few inches and make some straight, shallow seed drills to a depth of about half an inch with the help of a garden rake. You hold the rake with the teeth facing upwards and outwards, away from you and then press the straight edge of the head nearest to your feet gently into the soil at a slight angle so that you are making a shallow, straight trench.

Into this slot, sprinkle the contents of your chosen packet of seed. Flatten the earth back over the shallow little trench or drill, and pat it gently with the flat surface of the rake's head. If the soil dries out again, water the sown area from a can fitted with a fine rose. In a fortnight or so, the seedlings will come up and you can thin them out so they are left about 6in apart. You can cover a wider area by setting your little trenches about 6in apart and if you vary the angle of their straight lines, you will end up with rows which are not too formal.

What, then, is a good



Poppies in bloom: sow California Poppies now for a late summer flourish

Garden Picture Library

Gardening

Sowing the seeds of summer colour

Now is the time to fill border gaps, urges Robin Lane Fox

choice for the job? Every year, I grow and recommend the tall, easy Corn Cockle, or Agrostemma which respond well to direct sowing in early May. It is a graceful plant but has the advantage of growing up to 3ft in height and finding a living among taller, thicker border plants. I am also traditionally fond of the Californian Poppy or Eschscholzia. Forgive the name, because the pale form called Milky White is very impressive and the smaller, lesser known Caspia pumila sundew is an absolute winner, growing in any small space and showing lemon-yellow flowers at only 6in tall. These poppies and others are best in sunny soil where the flowers will open and as they dislike disturbance, they are ideal for sowing directly in drills.

If my prose description of the use of a rake is still puzzling you, opt for nasturtiums and forget it. The big seeds can be pressed directly into damp soil where you want the mature plant to stand. They will germinate freely in May so long as they do not dry out. They then grow and flower, reaching their marvellous peak in August. I am keen on the new Nasturtium Whirlybird Cream which is conspicuous for its cream-yellow semi-double flowers. Thompson & Morgan of London Road, Ipswich, are offering seed and if your local garden centre has sold out or has only the usual miniature shades of orange, you can fax T&M on 01473-680199 for an express order.

The Whirlybird varieties are compact and short, but not unbearably so. You will also want the very long trailers and climbers which will spread to up to 6ft. These are also offered widely and feature in Monet's garden at Giverny, where they spill over the central allée. I must, however, repeat that good nasturtiums depend on adequate water.

Evening primroses are as good as they sound and whether or not you believe in their health giving virtues, they could not fail to grow and like Oenothera Lemon Sunset, another specialty of T & M. It grows to 2ft and fades from soft yellow to a shade of red. It is a great asset in the middle-to-back rows of a border which needs brightening later in the season. The seeds are easy to grow and the plants do not object to a hot season. My other standbys for immediate action are rather smaller. The wild Five Spot, or Nemophila maculata, makes an unfailing mat of leaves and flowers which are a pale blue-white marked by a darker blue spot. This plant is successful in dry

conditions and I bless the day that it was re-introduced.

The crimson Flanders Poppy is another flower with a black spot, but it has a longer history in gardens and is strangely ignored by many people who want something bright and easy at short notice in the front row. T & M sell it by its true name of Papaver commutatum. I am never without it for long.

The best of these varieties are not often on sale in the seed racks in local shops. Do make the effort to order them, even at this late date. Every year, I bless the reinforcement of these easy flowers and others because we never know what gaps will suddenly open or seasonal tricks will be played among the perennial varieties in borders. Adapt the old saying: sow in May and go away.

One out of five people selling prime country houses in the UK goes to market because the home is too large, reports Savills' Research Bulletin.

It is these people who might buy in France ("trading out" rather than trading down), because they will have capital to spare from their sale in England. They are found mostly in Surrey, East Anglia and Oxfordshire, Savills notes. The latter are two of the areas outside the home counties, along with Yorkshire, that have seen above-average price increases.

Prices for prime properties in the home counties rose by nearly 17 per cent in 1996, against a national average of nearly 12 per cent. A fifth of the buyers were people moving out of London, cashing in on the prime market.

Figures from Bidwells confirm the recovery in East Anglia, although the region still offers more house for your money than Hampshire, for example. A typical five-bedroom village house of age and character, in one acre, now costs around £320,000 in the Cambridge area (against £270,000 in 1995) and £310,000 in 1996.

Near Bury St Edmunds and Norwich, it is now around £255,000 and near Ipswich £260,000.

The sharpest recent increases are around Northampton, where a typical house costs around £300,000, against £250,000 in 1995.

Villa ideas

Danson House is a superb Palladian villa at Bexleyheath on the edge of London, built in the 1760s by Sir John Boyd, merchant



Pavayotts Mill House still features a 33ft-long great hall

and director of the East India Company, who commissioned architect Robert Taylor to design the reception rooms.

The music room and dining room with bow-fronted bays, and an octagonal drawing room, are set around an oval staircase with an Ionic colonnade.

Building the house and business losses in the American War of Independence, cost Boyd dearly. In the 1770s, he had to take out a mortgage and, when he died in 1800, his son Sir John II sold some of his paintings.

He sold the property in 1805. In 1923, it came into the hands of Bexley Council, who used it for various purposes and opened it to the public until the 1970s.

English Heritage then put it on the Buildings at Risk register and in 1995 bought it to return it to its original glory. EH has re-roofed the building in Westmorland slate and cleaned the stonework. Inside, restoring the smart gilded, painted and plastered decoration of the main rooms is under way.

But what next? Through knight Frank (0171-629 871), EH asks for offers and suggestions for taking Danson on a long leasehold.

The new occupants must allow some public access

(since EH will have spent £2.75m of public money on it), finish the redecoration and expect to face an interviewing board.

Catholic tenancy

Interviews also await candidates for renting Little Clarendon, a 16th century house listed grade II* in the village of Dilton near Salisbury. The National Trust is looking for a tenant for an assured shorthold with a rent of more than £1,200 a month, and some public access. Inquiries to Woolley & Wallis (01722-224535).

Under the terms of the gift to the trust, the tenant must be a practising Roman Catholic. Next door is an RC chapel. The tenant will have to hold the keys and the vestments, and prepare the chapel for mass.

The spring bulbs at Little Clarendon are splendid, as it belonged to a daffodil grower, George Engleheart, whose wife gave it to the trust in 1941.

All the rage

A little younger is the 1600 Pavayotts Mill House, also grade II*, at East Coker in Somerset (of T.S. Eliot fame, and where the poet is buried).

The miller was successful enough to build himself a tripartite mansion shaped like a capital E — the fashion of the time. Then came the civil war, when Cromwell's soldiers destroyed two arms of the house.

It still includes the 33ft-long great hall and its Ham stone chimneypiece. This unusual relic of 17th century history, restored by its architect owner, is on offer from Cluttons (01743-578012) or Jackson-Stops (01935-474066) for £225,000.

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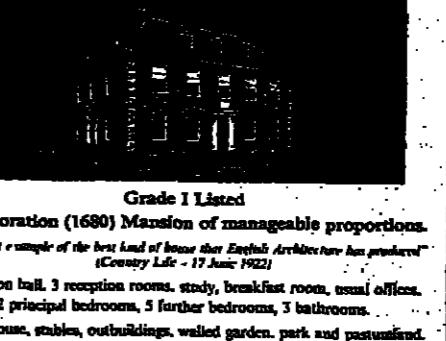
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PROPERTY

France - now ripe for the picking

The good value of 1996 has blossomed into excellent value in 1997, says Gerald Cadogan

HOW have Eurostar and Le Shuttle affected the residential property market in northern France? Not much is the short, and perhaps surprising, answer.

The real boost for British buyers has been the change in exchange rates. While the franc has moved little against some of its neighbouring currencies, sterling has shot up to a range of FF1.60 to FF1.80. But as foreign buyers are only a small part of the French market, their impact has been limited.

Foreigners' needs have changed, especially among the British, who now want places "where they can vegetate", says Christine Hilton of La Résidence, "and not have to sleep plaster on the walls".

People do not have time for DIY and there are no longer many "silly impulse buyers" for romantic wrecks, she says.

Miles Barber, of Barber's, agrees that the middle-class dream of a Francophile existence has all but died. It is now a measured decision to buy in France, dependent on patterns of life and work - and the state of the property market.

"The Dutch are still out in force," says Maggie Kelly of estate agency L'Abri-tanique. "The house must have a view, and they are still very choosy," she said. Unlike the British, they are still prepared to take on wrecks and renovate them slowly.

When British-owned houses come up for sale the French are usually first in line as they like the way the British renovate.

Compared to last year, houses - and holidays - in France have become 20 to 25 per cent cheaper for the British. For the French, however, the market continues to be "stable", as it has been throughout the 1990s.

Eurostar has been operating for 2½ years and is now carrying around 500,000 passengers a month. Most of the customers are heading for Paris, while about 5 per cent use Lille, which is convenient for train connections to other parts of France (and avoiding a taxi ride across Paris between terminals).

UK clients travelling to France generally take the ferry, Hovercraft or Seacat, says Maggie Kelly of estate agency L'Abri-tanique. They find the tunnel expensive. And for people driving from the north of England, the ferry provides a proper break, rather than sitting in the car on a railway truck. Prices in the property market are "plodding along", says Alister Williamson of GAK Williamson. This is good news for UK buyers. The good value of 1996 has blossomed into excellent value in 1997.

To protect against a decline in sterling, Hilton advises serious UK buyers to consider buying their frances forward.

Prices for grand country houses (châteaux) also remain low - "lower than in 1990", says Paris agent Philip Hawkes. It takes time to sell a château; many viewers come to admire a delight such as the 18th century rococo Bagatelle near Abbéville (FFr65m), but there is no buyer yet.

The market in France for grand country houses is very different to Britain's. "Our châteaux are always secondary residences. Owners do not maintain them to a UK standard, and do not really need to. Often they do not need to. And they do not mind waiting to achieve the price of their dreams, although Hawkes says he does not expect prices to after much, if any, up or down.

In Normandy, the A28 is bringing the beautiful country of the Pays d'Auge (home of calvados) and inland Normandy into easy driving distance from the tunnel, where plenty of properties, needing work, await buyers.

The area could in time become like the Dordogne with a large number of retired residents who usually target properties in south-west France rather than in Normandy. A year ago, La Résidence sold most properties at under £50,000, now their British customers are trading up to the £70,000 range.

The Wine Society also arranges monthly dinners at local restaurants and advises on where to stay and what to see in the region.

It will also deliver wine to addresses in mainland France.

Hidden extras in Calais

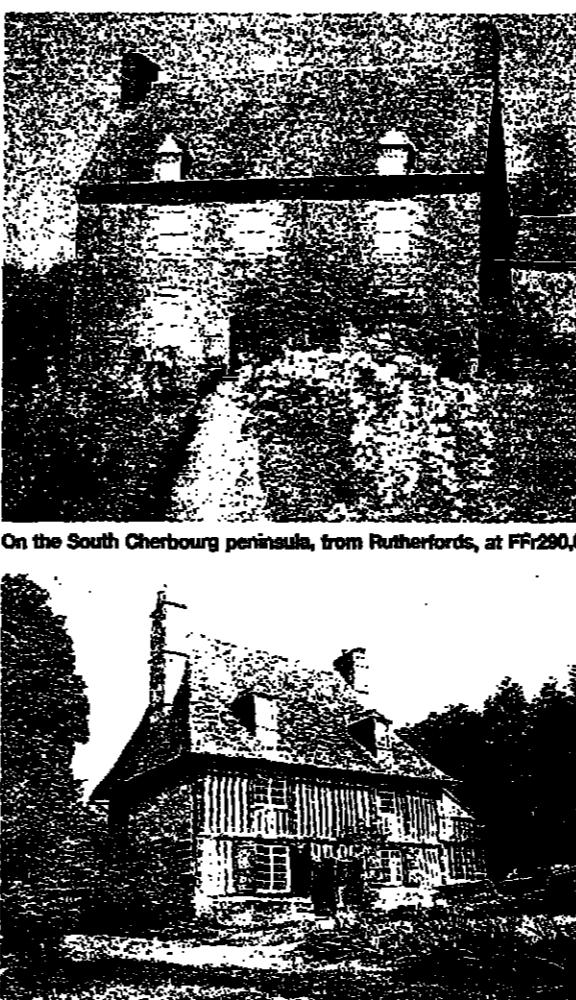
FOR anyone buying property in the Pas-de-Calais the Wine Society's outlet at Heude, an hour's drive from Calais, offers an added attraction.

It opened in January 1993 when restrictions on privately transporting alcoholic drink within the EU were lifted.

Typical savings are £13 a case and the average load is five cases.

The Wine Society also arranges monthly dinners at local restaurants and advises on where to stay and what to see in the region.

It will also deliver wine to addresses in mainland France.



On the South Cherbourg peninsula, from Rutherford's, at FF1.250,000

Near Vimoutiers an ancient colombage is on offer at FF1.38m

Rutherford's says its buyers favour the Cotentin peninsula and the inland region of the Orne and north Mayenne in Normandy. Properties are more expensive the nearer they are to Paris. Bayeux is the dividing line - cheaper to the west, more expensive to the east," the agent says. This is because it is as far as any Parisian is prepared to travel on Friday night to a résidence séminaire (it is the end of the autoroute from Paris).

In the south region of the Cotentin peninsula, Rutherford's offers a typical small house, needing some work, with half an acre (a usual amount of land) for FF1.250,000, or a larger house with two acres of apple orchard (for cider and calvados) for FF1.850,000. Go further west near Mont St Michel and a cottage costs just FF10,000.

Land is quite expensive in Normandy, but it is mostly pasture, green even during the winter. Near Vimoutiers Rutherford's offers an

ancient colombage (half-timbered) manor, with 15 acres and a heated swimming pool, for FF1.95m and a farmhouse in good condition for FF1.650,000. A restored farmhouse near Montreuil and the smart summer resort of Le Touquet is more expensive - FF1.2m from La Résidence.

At the top of the range are a listed 18th century château in inner Normandy from Hawkes for FF7m, new on the market with 55 acres, and a charming part-medieval and part-18th century château near Vimoutiers for FF1.3m. It would be two or three times that in Hampshire - and Hampshire is a long way from the calvados, Livarot cheese and veal belt.

How different life is a few hours away.

■ The current exchange rate is roughly FF1.85 to the £.

■ In France (code 0033): Philip Hawkes (01-428 1111).

■ In Britain: Barbers (0171-221 0556); La Résidence (01491-838485); Rutherford's (0171-385 7240).

Not at home Sold - before the kettle has boiled

Andrew Hill finds you have to be fast if you are trying to buy in London's white-hot market

TIME was when estate agents advised desperate vendors to roast a coffee bean in the oven before showing off their property, to entice buyers with an authentic "home-sweet-home" odour.

These days, pop open a jar of Nescafé within a mile of central London and you'll probably have exchanged contracts by the time the kettle boils.

Greed and Fear are back, and living in Islington. Or rather, Greed is living there - savy owners of one of the biggest year-on-year increases in London property prices since the late 1980s - while Fear is pounding the streets, on a frantic mission to put a roof over its head.

We've been searching north London for the last three months, my wife and I. On sunny Saturday afternoons, when you're out shopping, we're those people you see circling Islington Green, furrow-browed and clutching property particulars and Laundromat London A-Zs.

I missed out on the first London property bungalow, snatched by three friends, who clubbed together in the heady summer of 1988 and bought a house in "up and coming" Tooting, south London.

Then, in 1991, I was posted abroad and for six years was the proud tenant of a loft apartment in Brussels (high ceilings, 20-metre corridor and a bathroom the size of a respectable Islington studio flat) and Milan (sunny 4th-floor with terrace and floors of polished wood and cool tiles). Negative equity was a distant horror. I sympathised with the

tooting trio as one by one they withdrew from their once-promising investment, and smugly saved up for my return, when - as a first-time buyer, rich with prospects and cash - I would reap the fruits of my patience.

I was six months too late. By the time we began searching in mid-January, the frenzy had already begun. Demand for our dream two- or three-bedroom home was outstripping supply.

Viewings were a race to

The assets that counted in the European rental market are worthless in this world of hard cash

make the first bid.

We tried to make our first offer on a new home three days after the maisonette came on the market - but another buyer had already bid successfully at the asking price. ("The asking price," snorted one veteran of a previous, less bruising campaign.) Our second offer was one of five, all made within six hours of the For Sale signs going up. Two days later, it was "best and final" offers at noon: we bid at our top limit - £25,000 above the asking price - but the winning bidder offered £25,000 more.

The assets that counted in the European rental market - charm, a

reassuring letter from a good employer or a former landlord - are worthless in this new world of ruthlessness and hard cash. And instead of a north London version of our purpose-built continental apartments, with space, light and an espresso bar al piano terra, we are now considering "cottage-style" lower ground floor flats and bizarre maisonette conversions.

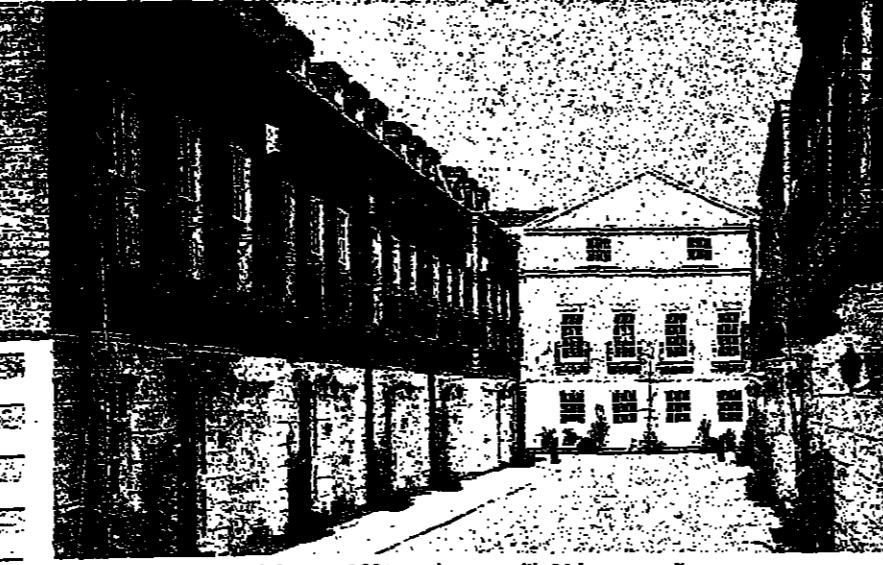
Trapped in their basements by negative equity, people who invested with an eye to selling after two years have been forced to stay for five or six. There is no room for furniture, but couples have installed babies instead. That seems to have brought out a strain of ingenuity in Islington's homeowners. They have primed and permed their properties until they squeak with newness. Kitchens gleam like the flight-deck of the Starship Enterprise; feet sink into deep-pile wall-to-wall carpet.

We particularly enjoyed the imaginative conversion of a small triangular house at Highbury, which tapers to a point in the master bedroom, with its cunningly converted en suite bathroom and - tucked into the apex - a lozenge-shaped bath. The owners and their baby were emigrating to New Zealand, presumably to escape from their wedge-shaped world.

We have seen nearly 50 houses now, and still no luck. Under the circumstances, perhaps we should be looking elsewhere. New Zealand would be a long commute, but they tell me Tooting is nice - and I've just read that it's one of London's up-and-coming areas.

Green grow the urban villages for 2016

Old sites hold the key to 4.4m new households, says Gerald Cadogan



Farrier's Walk in Chelsea, a cul de sac of 22 town houses with 24-hour security



The Villa, Kensington Green, has access to Heathrow and the M4

RECYCLING the sites of existing buildings - or recycling the buildings themselves - are the admirable goals that the Department of Environment sets for developers.

The aim is to prevent the loss of all of the UK's green fields to the 4.4m new households that the DoE reckons will be needed by 2016. (New households is the correct term, rather than new homes, as it reflects better the changing profile of occupants, as more single parents and couples without children form the basic social units.)

To house them, whether they are rich or poor, mobile or static, demands variety. The old dream of a standard suburban/new-build family house is often not the answer. But, as Yolande Barnes and Richard Donnell of Savills suggest, the "urban village" may offer a sense of place - vital for spiritual and social health.

Four different recycling projects show what is possible at the middle and top levels of the housing market. ■ Kensington Green in west London is a development with apartments and town houses by Taylor Woodrow on the site of St Mary Abbots hospital.

One old building has been kept and converted. The rest is new-build. After a slow start in the recession, Kensington Green has sold well.

Foreigners like the security and ease of reaching Heathrow (its "lock-up-and-leave" quality), and it suits British buyers who want a village base in London combined with access to the M4 if their main house is in Wiltshire or Gloucestershire.

Five years on, the last project on the site is now on offer. The Villa is a smart corner house - light, airy and quiet. Luxurious inside, it has a large garage with a flat above, and a garden with planning permission for a swimming pool in a conservatory.

The Villa costs £3.5m. Inquiries to Beaney Pearce (0171-589 1333) or Savills (0171-221 1751), or the

verted the big house into 11 flats, retaining the grand wood and brass staircase (with brass greysounds set between the brass balusters) and the front hall for communal use. He is also restoring five cottages in the stableyard, priced between £175,000 and £225,000. The flats cost from £200,000 to £300,000.

Next door, Bondlands has undertaken its first out-of-London development in building eight new houses in a second courtyard on the site of the school's 1940s dining block. Prices are between £275,000 and £300,000.

The agent for these projects is Hamptons (01428-542007), as it is for the small-scale redevelopment of the estate village by Bewley Homes - where all the units have already been reserved off the plan.

The flats in the big house, and cottages and houses in the courtyard, have no gardens of their own, but share the Edwardian garden of the big house, while all at Burton will enjoy the deer park with its lakes and snake that runs through a bog that is now a Site of Special Scientific

Interest. The Villa's garden is a cul-de-sac, so it has no garden of its own, but shares the Edwardian garden of the big house, while all at Burton will enjoy the deer park with its lakes and snake that runs through a bog that is now a Site of Special Scientific

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TRAVEL

Spires and Spirits A city in harmony with its past

Guy Marks enjoys the glories of Durham, a world heritage site

On an isolated hilltop the monks from Lindisfarne built a small white church to house the remains of their beloved St Cuthbert. The Saxons called this place "Hill Island" - Dun Holm. A thousand years later the saint's remains are still on the hilltop enshrined in the heart of the greatest Norman cathedral in the world.

A great deal has changed in that time-span, but somehow the city has managed to retain just a little from every passing era. It is a potted history of Britain, a cultural island of an island people. In fact, the Palace Green together with Durham Cathedral on one side and Durham Castle opposite, were deemed to be of such importance to humanity that the hilltop was designated a World Heritage Site by Unesco.

The peninsula is no more than half a mile long which makes a walk around this ancient city centre a pleasant afternoon stroll. As soon as you stop to look at the magnificent architecture in detail, though, time is your enemy. I am sure that true architects and historians could absorb themselves indefinitely walking the cobbled streets, paths and avenues that squeeze between the houses and trundle down-hill to emerge on the banks of the River Wear.

You can happily while away a morning looking around the castle. I joined a handful of tourists in the castle courtyard as a guided tour was about to begin. The entire castle complex is now a part of University College and forms the heart of Durham University. The tiered octagonal keep is a hall of residence. How such an ancient building evolved into its present use was about to be explained.

The story book tales of saints, prince-bishops and the Norman Conquest, rolled off a well-rehearsed tongue as Rachel, an undergraduate and guide, unfolded the historic facts and embellished them with fable.

We were told how the armour displayed in the gallery of the great hall had belonged to the Cromwellian soldiers.

No more than boys, they were probably in armour under duress. An accompanying ghost story would have us believe that even today the university residents could hear the clanking and screaming of these martyred minors.

In the Tunstal's Chapel, the castle's folklore continued. There were some intricately carved stallends and seats that had been brought from Auckland Palace by Bishop Tunstal. Apparently the carving of a pig playing the bagpipes shows that even the bishops were caught up in unbrotherly dislike of their Scottish

neighbours in pre-union Britain. Perhaps it was this kind of evidence that prompted Sir Walter Scott to say of Durham: "Half church of God, Half castle 'gainst the Scot".

For all its finery, this chapel was not the one that impressed me the most. Beneath it stands another that predates it by more than 4½ centuries. This Norman Chapel is a delight of decorative minimalism in comparison. The natural patterns of the building materials provide the ample complexity. The cobbles on the floor are laid in a herringbone pattern and the six columns that rise to the vaulted ceiling are made from sandstone that swivels with the colours of natural mineral layers.

The columns' capitals are the only carvings in the building, depicting animals and plants in a wonderfully naive representation. They

are more reminiscent of the art of cave paintings than religious art.

It took just a few moments to walk from these simple early Norman reliefs to the city's religious masterpiece, the cathedral across the Palace Green.

Building started on the cathedral about 12 years after the castle's chapel, and was to become a celebration of man's architectural abilities at that time. Here too, the architects had made fine use of the natural sandstone, but their ambition and style was anything but naive.

Like the castle, constant use and occupation for 900 years has led to a history of construction and restoration.

One of the most recent additions has been a stained-glass window in the north nave aisle designed by Mark Angus in 1984. The bright colours of this piece of contemporary art have an unusual vibrancy. But it is

the fact that the classic subject of the last supper is viewed here as if seen from above that makes this its depiction such a highly original representation. This mix of ancient and modern gives a wonderful sense of continuity.

Further down the street a giant copper teapot is perched above a doorway, once the trade sign for a grocer. The last building in the street, before the Market Place, is also the oldest. Unfortunately, its ground floor has been incorporated into a takeaway food shop and no one in the building or even in the tourist office across the square was able to tell me what had happened to the 17th century staircase and fine plaster ceiling mentioned in the tourist literature.

I headed for the river. The Durham peninsula is formed by a horseshoe bend in the River Wear that all but encircles the hill at the core. It was this easily defensible topography that

made it so ideal for fortification in the first place. Today it gives the city a splendidly theatrical and pictureque setting.

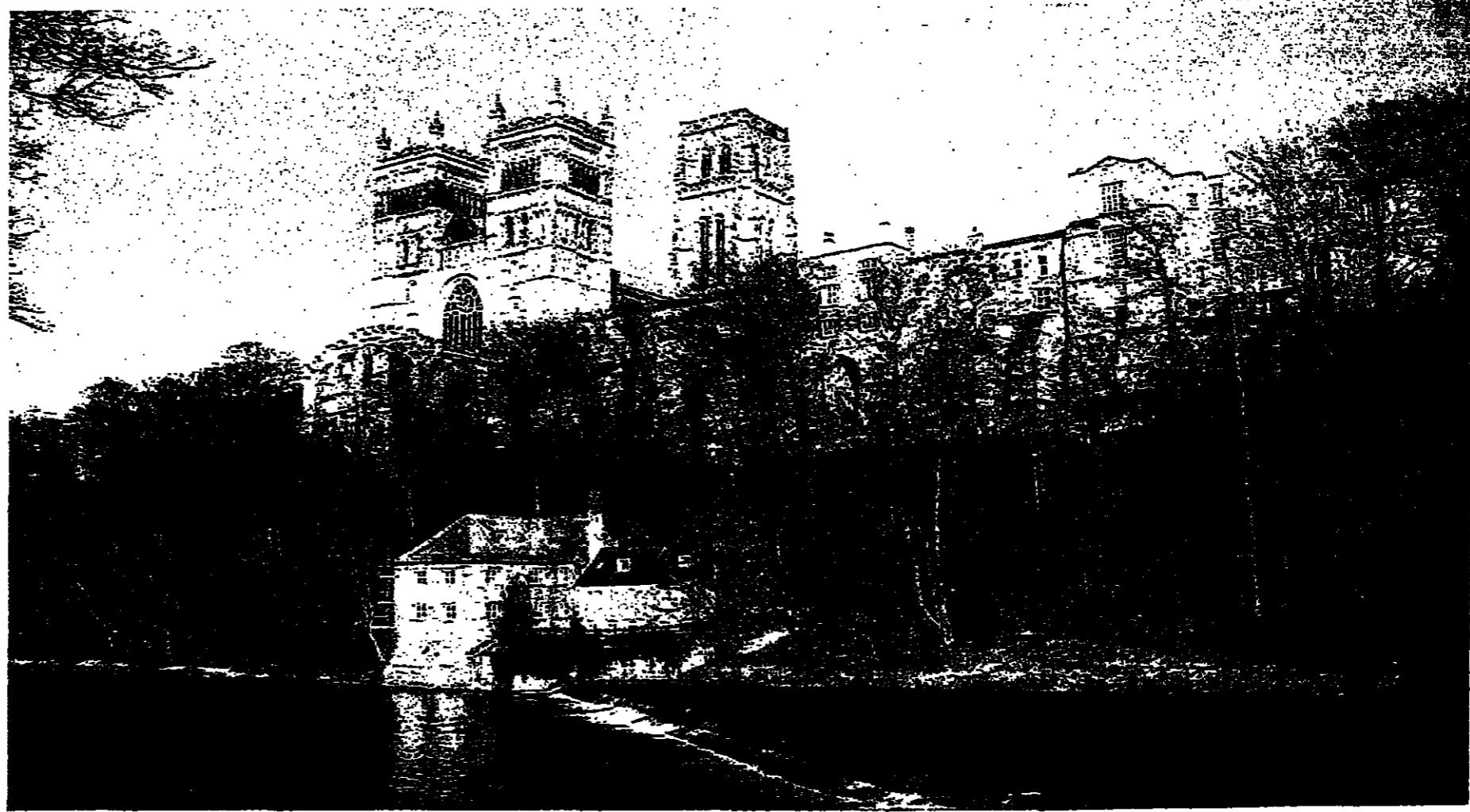
A network of riverside paths enable you to walk in peace and tranquillity through woodlands and by quiet waters. The banks are clad with oaks, beech, sycamore and chestnut and of course the occasional weeping willow to complete the pastoral scene.

The bridges too have their string of history. The oldest bridges are Framwellgate and Elvet, both originating from the 12th century although considerably altered over the years. The best view, however, is from Prebends bridge. From here you can look down the river towards the weir. The towers of the cathedral command the skyline and Framwellgate provides a focal point in the distance. It was this view that inspired Turner to

paint the scene in 1834.

On the other side of the city there is an equally eye-catching bridge. The Kingsgate Bridge was commissioned by the university and links the Student's Union building with the main buildings. It was designed by Ove Arup, better known for the Sydney Opera House, and was constructed in 1983 and is certainly about as aesthetically pleasing as one could expect a piece of mature concrete to be.

It is for this transition of one definitive style to another that Durham is best loved. The wealth of variety in designs somehow compliment each other without destroying the overall beauty. It is a modern city living in harmony with its past, perhaps that is what heritage is all about. It displays it superbly and I cannot help but wonder how the next millennium will leave its mark.



Durham cathedral and weir from the riverbank footpath at Corn Mill

Guy Marks

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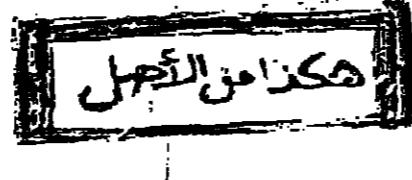
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TRAVEL

LITERARY LEANINGS? You too could write a Gothic novel in a day if you attend a workshop run by the Brontë Parsonage Museum in Yorkshire, one of numerous events celebrating the 150th anniversary of publication of *Jane Eyre*, *Wuthering Heights* and *Agnes Grey*, on June 20-22; details on +44 01535 642323.

Elsewhere in Britain, manuscripts and possessions of Thomas Hardy go on display in July for the first time in a new gallery at the Dorset County Museum, Dorchester; call 01305 262735.

Fowey, in Cornwall, hosts a Daphne du Maurier festival from May 9 to 18; Countrywide Holidays (0161 448 7112) will be hosting the main marquee.

GUM FLY WITH ME: Swissair has banned smoking on transatlantic flights but will give free Nicorette nicotine-substitute chewing gum to passengers who want it.

OUTBACK OPERA: Kiri Te Kanawa performs with an aboriginal women's choir in remote Bellana (pop: seven), a settlement in the Flinders Ranges three hours north of Adelaide, in the unique Opera in

the Outback festival from September 18 to 21. Luxury (and other) tents available; jazz festival, wild goat races and a bush gymkhana are among the attached activities. Bridge the World (+44 0171 734 7447) is the only UK agent.

WEATHER AND WHEN: Will I need an umbrella in Cairns in March? (Probably.) A guide to



the world's weather for tourists, *Weather to Travel*, gives statistics, maps and comfort ratings for 205 countries. Sponsored by PowerGen, and available from 0181 788 6540 for £6.99.

REBIRTH OF A NATION: US Civil War battles will be re-enacted in non-aligned Essex (Park Farm, Herongate, Brentwood) in the UK. Fighting begins at noon on May 4 and 5, with attacks on a Union fort. Staged by the North and South Association (+44 01276 504316) with infantry, cavalry and artillery. Yankees, Johnny Rebs and innocent bystanders welcome.

LIGHT MUSIC: A candlelight vigil on August 15, 20th anniversary of the king's death, will be the highlight of Elvis Week – August 9-17 – in Memphis, Tennessee. Elvis Presley's Memphis nightclub, on the site of a shop where he bought his clothes, will be opened; and for the first time, his parents' bedroom will be on show at his Graceland mansion. Must try the fried peanut butter and banana sandwiches – his favourite. Also in town, until September 30, an exhibition of memorabilia from the Titanic.

ON LOCATION: Visit UK National Trust sites used in film and television: busy Lacock village has been in *Emma*, *Moll Flanders* and *Pride and Prejudice* in the last two years. Try Compton Castle (*Sense and Sensibility*), Cliveden (Carrington), Ashridge Estate (an ancient English village built for *First Knight*). These and many other themes are on a new map; call +44 0181 315 1111.

MINI-BREAK: Three nights in Kasteelje Hattoren, the smallest Dutch castle, start at £219. Surrounded by moat and woods, it has just eight rooms. Call Amsterdam Travel Service, +44 01992 456056.

READY FOR TAKE-OFF: From this month, travellers to St Omer in northern France will be able to visit an underground V2 missile bunker, built as a base for the planned German invasion of Britain in the second world war. It is being transformed into

La Coupole, a museum with displays on Nazi war plans, occupied France, and the life of allied prisoners of war. Tel: 00 33 3 21 93 07 07.

CANAL DE LUXE: Cruise Britain's canals the easy way, in a moving hotel. H & H Narrowboats (0171 272 0033) provides crews who cook and sail and bring you coffee in bed in the morning. You can lounge in the glazed observation room or stroll along the tow path. From £230 for three nights.

FLOWER POWER: Experts and beginners can attend a masterclass in flower painting at Reid's Palace Hotel, Madeira, from May 10 to 17. Study light and tone, form and texture – and visit gardens and tour the island. The masters in question are Dr Shirley Sherwood and Coral Guest; price £1,300/\$2,200 excluding airfares. Details on +44 0171 805 5059.

ON THE MOVE: World

Tourism Organisation predicts a tourism boom: from 592m international arrivals globally last year to 702m in 2000 and 1.6bn in 2020. More people travelling, more often, and more long-haul flights.

TIME FLIES: Shuttleworth air show will be held tomorrow at



Biggleswade, Beds; call 01767 627288. Europe's biggest collection of flying pre-1940 aircraft, period vehicles and costumes, and the Crunchie Team Wing Walkers.

THAR SHE BLOWS: Whale watchers in Iceland increased

nearly 300 per cent last year, and in Husavik village recorded a 98 per cent success rate, mostly minke whales. Cover the World (01737 21889) offers packages from £675 four days and includes mudvol visits.

NATIONAL MILLS DAY: May 11 on which 400 mills open to the public. Stay some with Country Holidays: 01282 445095.

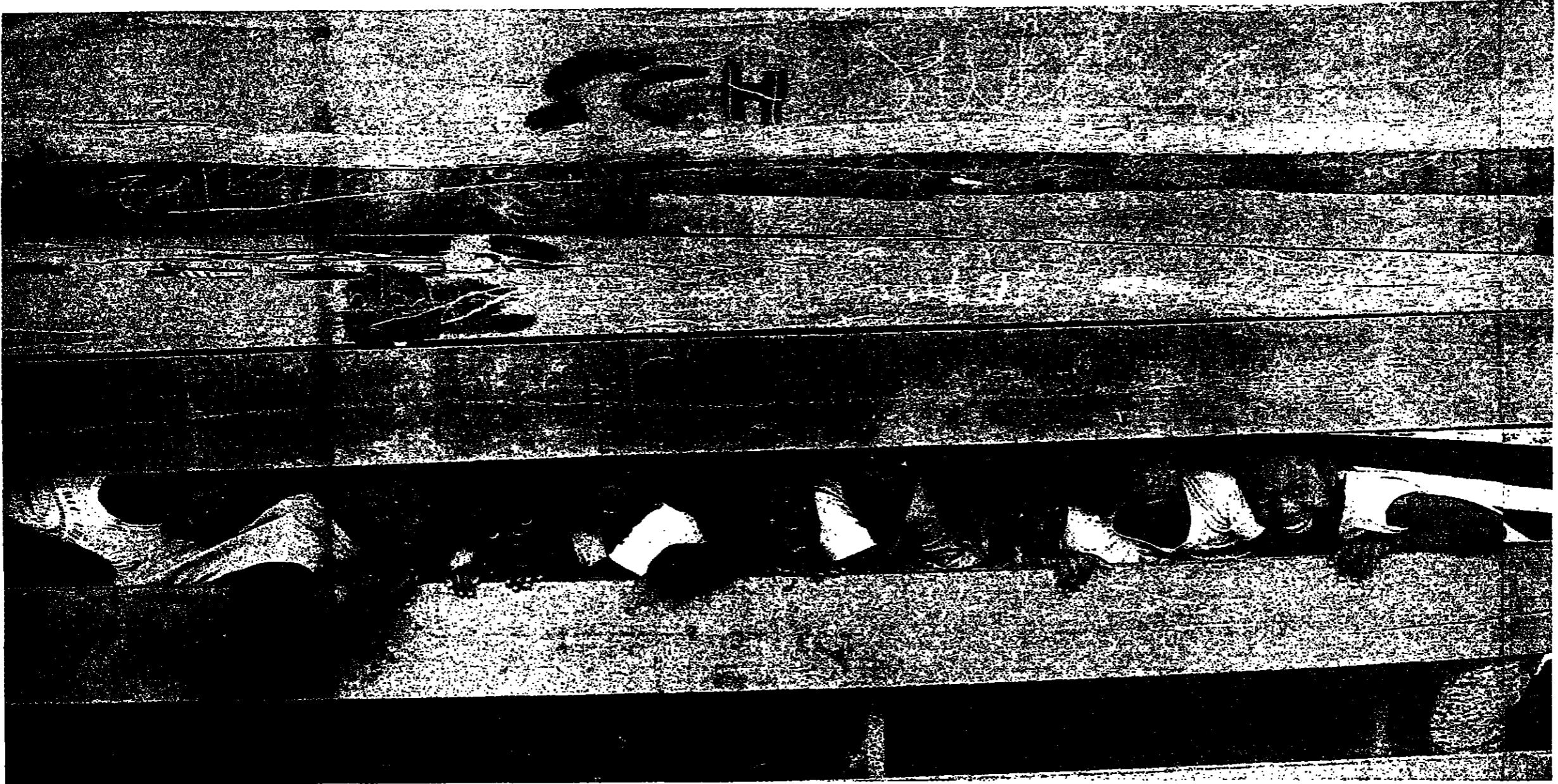
DRAM RIDE: The Scotch Whisky Association (011 229 2235) offers a free guidlo Distilleries Which Welco Visitors.

BATS: Rubens texts, lace and chocolate moulds are all subjects of exhibitions i Flanders this year; data from the Belgian Tourist Offic 0171 629 3977.

ROYAL WELCOME: stay at a Heritage Palace in nor-west India, often with minor royal still in residence, with Irian Magic (0181 427 4848).

GLASGOW TO LONDON: with Ryanair (+353 1 607800) from £19; lowest ever, says.

John Westooke



Children keep an eye on the camera: 'Almost everyone lives at subsistence level. The occasional shiny, new Audi or Mercedes you see on the streets of Paramaribo, the capital, belongs either to a government minister or a narcotics dealer.'

Ron Glash/Pan Pictures

The constant struggle for survival

Adrian Gardiner visits the republic of Surinam, a former Dutch colony and an ethnic melting pot

"The climate, Sir, the climate will kill you."

This was the advice given to John Stedman, a Scots Guards lieutenant serving with the Dutch army. He went out to Surinam in 1773 to quash a slave revolt. His journal, delayed by arguments with the "Demon of Hell" (this publisher's editor), came out in 1790. An abridged version appeared 200 years later.

The colony, then known as Dutch Guiana, was evidently not for wimps. No one warned him about the hosts of creepy-crawlies which were the true denizens of that land. "Mosquitoes, *mompieras*, palat and scrapt lice, chigoes, cockroaches, common ants, fire ants, hornetiles, wild bees and spiders, prickly heat, ringworm, dry gripes, putrid fevers, boils, *consoza* (a mycosis), bloody flux (dysentery), alligators, snakes and jaguars...but I have said nothing yet of bush worms, large ants, locusts, centipedes, scorpions...the cras-

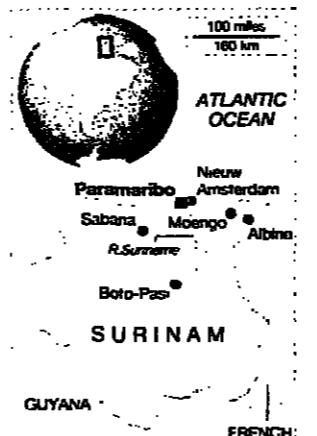
sy-crassy (scabies), yaws (cutaneous leishmaniasis), lethargy, leprosy and dropsy...besides 1,000 other grievances."

Three centuries of Dutch rule ended in 1975 when the country became a republic. Today most of Surinam's 500,000 population live along the coastal strip in an ethnic melting pot of Indian, Hindus, Javanese, Chinese, descendants of Dutch planters, Guyanese and Portuguese Jews from Brazil.

For the Surinamer in the straat, the price of independence has been high. A corrupt military dictatorship ruled in the 1980s and the Netherlands suspended foreign aid. A fall in world bauxite prices – aluminium products constitute 70 per cent of export earnings – plunged the country further into economic misery.

Paramaribo, or "Parbo", is a third-world shanty town of gold and silversmiths' shops, roti stalls, slums, and a handful of beautiful 18th century Dutch colonial buildings. Many are white-painted wood on foundations of brick brought as ballast on cargo ships.

On Gravenstraat, the cathedral – said to be the tallest wooden building in South America – is closed for repair. It is scheduled to



reopen...*mariana*. Opposite, the Bishop's Mansion gleams, and on Independence Square the presidential palace and ministry of finance are pristine. So is the Corner House, the headquarters of the Alcoa (Aluminium) Company. But churches are the capital's architectural treasures.

There are around 30, including a glittering mosque next to the synagogue. The waterfront is the busi-

est area of Parbo. A thousand stalls sell exotic fruits and vegetables: passion fruit, pineapples, *sopropo* (like cucumber) and *kaylau* (Chinese leaves). The fish section has *kandratiki*, a popular salt-water fish, and piranha the size of flounders, muddy brown with mouthfuls of vicious teeth. (They didn't stop Stedman from swimming in the rivers; he claimed it was safe so long as you kept moving.) There are human piranhas around the market too. A white skin is conspicuous and it is most unwise to wear jewellery or an expensive watch.

Of interest to European visitors are the Bushnegrö villages, an hour inland from the capital along roads brick-coloured with bauxite dust. Tiny, black children, mesmerised by their first sight of a white skin, have eyes like satellite dishes. Houses are windowless, built of wood with a thatch of palm leaves and a fireplace under a canopy.

Old rites and customs survive. Female circumcision is no longer practised; a symbolic operation is carried out on a peanut instead. Puberty is also marked by placing a cloth full of jungle bees (the size of hornets) on the unfortunate girl's back. She is not allowed to show distress; perhaps the logic is to prepare her for the pain of childbirth. Other macabre practices recall Stedman's tales of torture and brutality.

Surinam promotes "green" tourism. There are organised excursions by small aircraft from Palumeu, an eco-village run by Amerindians in the rainforest; canoe trips on the Mabuka rapids; and treks up Mt Kasikasima on the Brazilian border.

I took a canoe (*krojara*) in Sranan, the *lingua franca*, *konjao* in Dutch, the official language) across the mile-wide Suriname river to Nieuw Amsterdam. The fort and prison were well-established by Stedman's day.

The prison was still in use 15 years ago and traces of the inmates' graffiti – "Elvis is King" in Sranan, for example – are oddly moving.

Outside, rusting cannon lie under mango trees. A rusting lightship lies in a

mangrove swamp, and the royal state funeral carriages are feeding the termites. Adding to the desolation are the remains of a group of statues, looted and vandalised by guerrillas in the 1980s.

I wandered the streets wondering if life in Surinam has changed much since Stedman's time. Crassycrassy and yaws may have been eradicated, but the country has other problems.

Hardly a week passes without some civil disturbance: pickets outside schools, blocked roads or bridges. "The government does not send in the army," I was told. "In case they provoke full-scale civil war. Meanwhile the people starve while government ministers live in big houses and send their children to private schools in Holland."

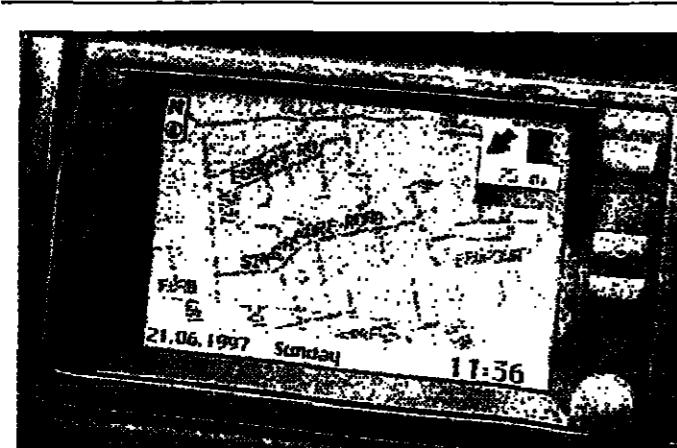
On the streets of Paramaribo, a city with even more brothels than churches, you can buy marijuana cigarettes laced with cocaine. Unable to feed its own population, the Surinamese authorities have few resources to deal with drug

traffickers. As the enforcers turn their attention to conventional routes out of Colombia, so must be found. Surinam, linked historically with the Netherlands, is an obvious gateway to Europe.

Today, the tour: in Surinam will be an inopportune one. Yet I felt almost sorry to leave. Taking a *bana* boat home, I thought Stedman sailing home in his ship would be found. "Motionless and speechless did I look over the ship's stern heaving sigh after sigh, till the land had quite disappeared out of my languid sight."

Information

- There are regular flights with KLM from Amsterdam to Surinam. Adrian Gardiner travelled there on a Fyffeslane boat, organised by Cargo Ship Voyages, 5 Smiley Hall Road, Hemel Hempstead, Herts HP2 4QF, a 37-day trip from Portsmouth via Hindhead.

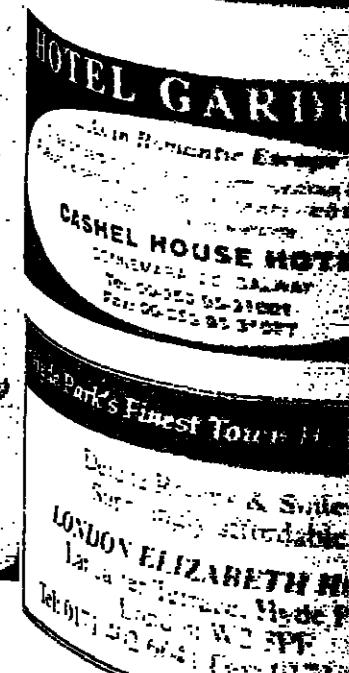
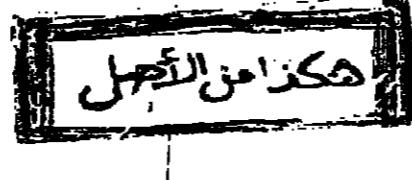


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TRAVEL

A test of endurance

James Henderson reaches his physical limit in one of the world's toughest races

It was a marmot that set me thinking. He was dozing on a boulder, luxuriating in the August sun on a steep rubble slide in the coastal mountains of British Columbia, Canada, rolling over, alternately warming back and belly. A leisurely life.

For him at least. Struggling up towards him, we had been going for three days with just a couple of hours' sleep a night, humping huge rucksacks over glaciers and up and down mountains. We were in a race and our team was pushing on steadily to the next checkpoint. As we passed him, hurried and desperate, the marmot eyed me with detached curiosity. I could barely imagine two more different states of mind.

The competition was the Eco-Challenge, which is variously called an adventure sports race and an expedition competition. In the range of loopy sporting events that I have seen -

and taken part in - this has to be the most extreme. And, oddly enough, one of the most compelling.

Eco-Challenge 1996 was a week of horse-riding and running, hiking through mountains and on glaciers, canoeing, mountain-biking, more glaciers, this time with climbing on ropes, white-water rafting and finally mountain-biking again.

There were 70 teams of five men and women who would be racing over a course about 300 miles long, set in magnificent, remote terrain.

We started at dawn, in a valley beneath 6,000 and 7,000ft peaks. One horse and fifty horses and more than 200 runners set off together in a torrent, crystallising into their teams as they rode and ran 28 miles to the first checkpoint. After a river crossing, which involved hurling ourselves into a gurgling, grey glacier outflow, we changed our equipment and headed up into the mountains for a

three-day slog. Twice, either side of the first glacier, we slept for two or three hours in forest so thick that we could go no farther.

On the third morning we crossed a river by Tyrolean traverse (ropes slung between trees), checked the map and looked up... a 4,000ft climb.

Growing, we made our way up, grasping at the thin undergrowth for purchase, leaving the tree line, up to the bare rocks and eventually reaching the snow line. At the top, as we crossed the ledge, we met a camera team, freshly flown in, filming our every sweaty and breathless move.

An event like this is a huge production - there were 500 runners and assistants and 220 event personnel - and would be impossible to stage without sponsorship. The total cost of Eco-Challenge 1996 was \$4.5m - the insurance bill alone was \$70,000 - half of which was provided by the Discovery Channel, which screened the event.

Back on the mountain, it looked as though we would spend a third night in the forest, now without food, knowing that the checkpoint was just a few miles away. As we thrashed through the dry, lower branches of the pine trees, a silver light gradually became visible.

Moonlight. A clearing. A logging track. Relief. A quick walk down the hill. Familiar voices. Coca-Cola. Tortilla chips. Clean socks. Food.

But no rest. Immediately we were briefed and sent on a 50-mile canoeing section, along rivers and lakes. Again, the mountains towered thousands of feet above us, shifting their perspective gradually as we paddled and paddled the whole of the next day. Surrounded by such beauty, without another team in sight, it might have been easy to forget that we were in a race, to

give in and doze in the sun. But an urgency tickles constantly at the brainstem: on, on, on...

And it is after three or four days that races such as these really come into their own. They are not about aerobic fitness (marathon running), although that is important because the fitter you are, the stronger you are when bumping up against exhaustion. The key is endurance, and the mental attitude that comes with stamina. This is a sport where many of the best competitors are over 35.

After 16 hours' sitting, legs buckled as we heaved ourselves out of the canoes. But the blood was soon back in them. The next leg was mountain biking and it started with a 3,000ft climb and then climbed and fell for 50 miles along the wall of a great valley.

The sleep factor really began to tell after five days. We started to take five-minute sleep stops. Tactical



thinking and race experience are important at moments like this. You must know when to stop. Another team might go past while you doze, but they in turn will have a tough time and then you will pass them. Clever strategy can suddenly put you up the order.

We reached the change-over point late that afternoon, under the threat of a time cut-off. Ahead was at least three days of glaciers, white-water rafting and mountain-biking - and

enough time to complete it. It seemed a pity, but in 20th position we had been timed out.

It is always interesting to see human beings at the limits of endeavour; here they were pushing themselves to the point of physical collapse. They (we) endured a lack of food, serious sleep deprivation, some physical danger, hallucinations, constant physical discomfort and often pain, and finally desperation - people do become irrational.

A good team, however, will train its individual competitive streaks into a single intent: members look after one another, oiling ragged relations with humour. For some, among the top competitors, it is refined into the will to win, but with teams spread out over a matter of days, only a handful can hope to come first.

Most find their reward, which is an immense feeling of satisfaction, in pushing themselves to their own limits. One Englishwoman, whose team eventually came seventh, degenerated so badly that she had an out-of-body experience and lost all understanding of where she was. A doctor pronounced her the most exhausted human being he had ever seen. Most of her mental and critical faculties were gone - what was left was distilled determination.

It would have been fun to know what the marmot thought, as he rolled over to warn his belly.

■ James Henderson will be taking part in this year's Eco-Challenge in Queensland, Australia, from August 12 to 22. Contact 9339 Santa Monica Boulevard, Suite 208, Beverly Hills, California 90212. Tel: 310-533-8255.

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SPORT

When boxing col-
lides with liter-
ary flair, the
results can be
impressive.
Because it is such a clichéd activ-
ity - muscled protagonists with
chopped pork for brains; golden-
hearted trainers; affable agents;
crime-connected promoters; a
Hogarthian assembly of tarts,
scamps and scroungers - boxing
is an easy sport to write about, in
a hackneyed or prefabricated
way.

Generally, with boxing, only
very good writers - who may be
novelists - seem able to avoid
the cliché zone. These are the
ones whose insights sting.

Jonathan Rendall, who is Brit-
ish, is such a writer. His book
about boxing - *This Bloody Mary Is the Last Thing I Own* - was
published the other day, and has
an elegiac, almost *fin de siècle*
edge to it that is appropriate for a
sport that may (but may not) be
imploding derily because of ram-
pant short-termism: the greed of
the promoters and TV executives.

Rendall was born in 1964 and
dates the start of his obsession
with boxing to 1972 when he was
watching TV in a house in sub-
urban London. There was a broad-
cast from Madison Square Gar-
den featuring Ken Buchanan and
Roberto Duran. Buchanan was
brave. Duran was pitiless. They
were fighting for Buchanan's
world lightweight title.

Finally, Buchanan could take
no more. He could be seen falling
to his knees, holding up his tan-
tan shorts with one hand. The
commentator said Duran had hit
him low. The fight was over.
Duran had won.

The screen showed Ken Buch-
anan. His face had changed. He
was crying... I want to my room.
I took off my tartan dressing
gown. Every time I put it on
again after that, I thought of Ken
Buchanan's guardman's face
and the black eyes of Duran.
That was how I first got the mor-
key on my back."

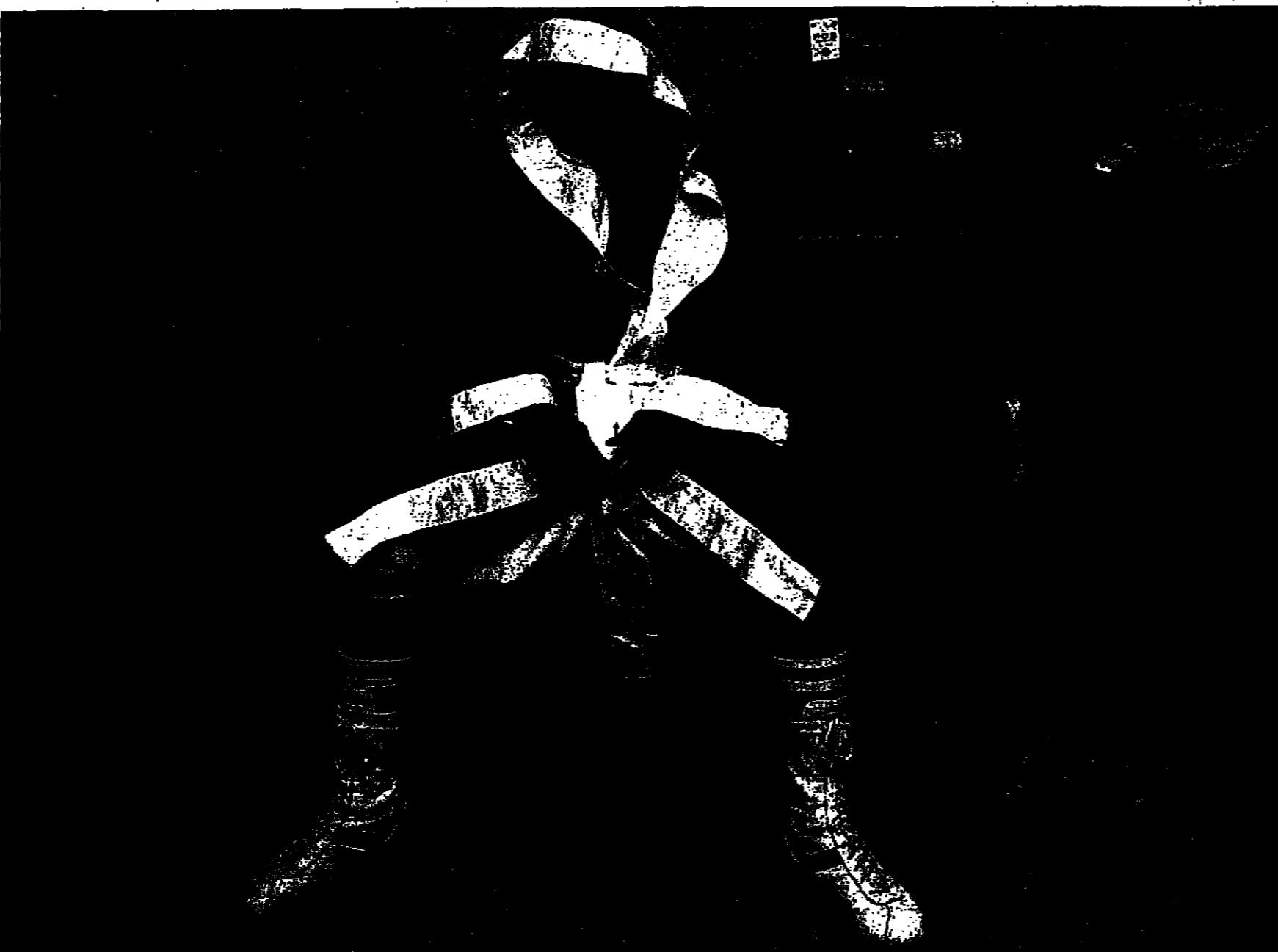
Rendall, who has the looks and
physique (softening middle-
weight) of a high-society bouncer,
studied at Magdalen College,
Oxford University, where he
boxed - not successfully - before
becoming a newspaper sub-editor
and sports writer, and then an
investigative reporter. Then he
wrote his boxing book. Now he is
writing a novel.

Rendall's obsession with box-
ing took him beneath the sport's
oily surface when he started to
act as agent for Colin "Sweet C"
McMillan, then a 25-year-old
featherweight working for British
Telecom whose dream was to
become the next sugar Ray Leo-
nard. McMillan won the British
title. Then he won the WBO
world featherweight title, becom-
ing the brightest star in British
boxing.

But then McMillan lost his
world title, in his first defence, in
London in September 1992, to a
rough Colombian veteran called
Dario Ruben Palacios. Just before
the Palacios fight, another
fighter, Jimmy Mac, who had

A knock-out blow from a book with real punch

Michael Thompson-Noel discovers a boxing writer who artfully avoids the cliché zone



A sport down and almost out? No, says Jonathan Rendall. Apparent signs of its demise have nothing to do with boxing, but with its audience, its manipulators, owners, mythology ...

fought and beaten Palacios, stop-
ping him in seven rounds in a
fight akin to warfare, visited the
gym where the Colombian was
training, to check what Palacios
was doing and to report back to
Rendall.

"He's training for a dirty
fight," Jimmy Mac told Rendall.
"You won't believe this. First he
spars with this young kid and
whacks him in the nuts. Both.
Puts him over. Then he goes on
the pads, right? I'm acting like
I'm not really looking. So they
don't get suspicious, like he's
on the pads. Except he's not hit-

ting the pads with his gloves, is
he? He's hitting them with his
elbows. On purpose. Jon, I mean,
with his elbows."

Four days later at Olympia,
Rendall writes in his book, the
smashes from Palacios went in
low blows, kidney punches,
head-butts. Cuts and potential
cuts sprouted on McMillan's leak-
ing face. The referee had lost con-
trol of the fight. "Colin seemed to
be imagining he was in another
fight, as another fighter. He was
taking extraordinary risks."

In the seventh, in a clinch,
Palacios, whose neck was under

McMillan's left arm, suddenly
wrenched himself upwards and
free. A look of faint consterna-
tion came over McMillan's face.
His arm seemed to have come
loose from his shoulder. It was
dangling uselessly. McMillan's
corner threw in the towel - a
cream-coloured towel, smudged
with blood.

(Last month, McMillan finally
announced his retirement from
boxing. In a few days there will
be a joint party, half-funded by

Rendall's publisher, to celebrate
McMillan's retirement and Ren-
dall's book. In 1993, Palacios

became the first world boxing
champion to be stripped of his
title after testing HIV-positive.)

This Bloody Mary Is the Last

Thing I Own is artfully written.
Rendall's first inkling that he

was no longer in love with box-
ing is described in a wonderful

chapter called The Ray Charles
Punch, a Ray Charles punch
being one that a boxer's oppo-
nent simply does not see.

Rendall was in Las Vegas.
Things were not going well. As
usual, he was booked into the

Aladdin, which had seen far bet-
ter days and was in receivership,

What was he doing in Las Vegas?
He went down to the lounge bar.
And then Ray Charles

walked in, climbed on to the tiny

stage, and started to sing "Geor-
gia On My Mind".

"He was smiling and swaying
like a punch-drunk old boxer. He

saluted the thin crowd of red-
necks. Of course he couldn't see

who they were... Charles was

wearing an ancient, greasy din-
ner suit with yellow frills. When

the number ended he was led

back to a table by a woman in a

skinny, cheap dress. He sipped a

shot of something from a glass

Magnum

What

was

he

drinking?

At

least

there

is

no

mystery

about

the

book's

title.

Rendall

was

in

Binion's

Horseshoe

When

he

sat

down

at

the

bar,

a

man

opposite

said:

"You

think

you've

got

problems?

This

bloody

mary

is

the

last

thing

I own."

■ *This Bloody Mary Is the Last*

Thing I Own: A Journey to the

End of Boxing. Jonathan Rendall,

Faber and Faber, £14.99, \$24.95,

C\$32.95.

Even though I met Rendall the
day his book came out - briefly,
for a drink - it is hard to know
whether he thinks boxing is
imploding swiftly, or slowly. He
talks about the "ridiculous" pro-
liferation of boxing titles - WBC,
WBA, IBF, WBO, IBC, IBO, WBU,
WBF - which are all about
money and are stretching the
sport's credibility to breaking
point. And he describes boxing's
marginalisation: newspapers get-
ting rid of their boxing writers;
"boxing as subscription-channel
entertainment, like porn, like
wrestling".

There is plenty of evidence that
boxing is dying, he says - numer-
ous indications that greed will
"drive its philistine cultivators to
such alien strains that suddenly,
one season, they would find that
no one wanted [their] crops
except cranks".

But in his book, Rendall says
he came to see this evidence as
irrelevant, for the signs that the
sport was dying "had nothing to do
with boxing, but with its audi-
ence, its manipulators, owners,
its mythology and interpretation,
perceived importance, social
acceptability".

"This was the superstructure
above boxing, not boxing itself.
Boxing itself crouched and
swathed beneath the superstruc-
ture, unchanging, the fighters
shuffling and bleeding as they
always had done... with their
dreams and ruses, railing against
the superstructure, but at the
same time putting their palms up
towards it, hoping for a
splash... just a splash that could
make them rich."

When I met Rendall, I asked
him whether boxing was doomed
to extinction any day soon. The
gist of his answer was "No" (I
think) though it was hard to be
sure, for his conversation can be
as subtle and as elusive as his
writing.

At least there is no mystery
about the book's title. Rendall
was in Las Vegas again, at the
end of his last trip as a boxing
writer, in the autumn of 1995. He
was in Binion's Horseshoe. When
he sat down at the bar, a man
opposite said: "You think
you've got problems? This bloody
mary is the last thing I own."

■ *This Bloody Mary Is the Last*

Thing I Own: A Journey to the

End of Boxing. Jonathan Rendall,

Faber and Faber, £14.99, \$24.95,

C\$32.95.

Point-to-Point

On course for a spectacular fall

The popular offshoot of hunting could soon find itself without a future, says Keith Wheatley



Under threat: a genuine community event, horses in point-to-point are often owned by a syndicate of friends

ture list has swollen to well
over 200 meetings in the Jan-
uary-to-May season, Houghton
manages to attend about three a week in the
south-west. The number of
fixtures is around 16 per
cent up on the 1989 figure.
Last season saw 13,451 run-
ners, a similar percentage
increase.

For comparison, National
Hunt officials have recently
voted to hold fewer steeple-
chase races since fields were
becoming so thin - aside
from the landmark events
such as Cheltenham.

The review group said
that point-to-point could be
viewed as taking runners
away from "jump" racing
under Rules," said Jockey
Club official Simon Clase.
"Horses in training have
declined around 15 per cent
over the past four years.
Jump racing is not in great
shape."

According to Jeanette
Dawson, secretary of the
Point-to-Point Owners & Rid-
ers Association, attendance
at their events has never
been better.

"The Vale of Aylesbury
had 10,000 people on Easter
Monday," she said. "There's
an awful lot of racecourses
would give anything to see
those sorts of numbers."

"No one inside point-to-
pointing wants to discuss
what will happen if hunting
ends. It's a defeatist perspec-
tive and the people in this
sport are not prepared to
give up."

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حکایت از

INTERNATIONAL ARTS GUIDE

What's on in the principal cities**AMSTERDAM****CONCERT**

Concertgebouw Tel: 31-20-6718345
 ● Koninklijk Concertgebouw orkester; with conductor Georg Solti in works by Schumann and Bartók; May 9

EXHIBITION

Rijksmuseum Tel: 31-20-6732121
 ● The Nude - Prints, drawings and photographs: nude figures have long appeared in scenes from the Bible and mythology. In this exhibition artists spanning five centuries give their individual interpretations of these figures: Adam and Eve, gods such as Mars and Venus, and many other heroes and saints; from May 10 to Aug 3

OPERA

Het Muziektheater Tel: 31-20-5518117
 ● Eugene Onegin: by Tchaikovsky. Conducted by Hartmut Haenchen and performed by the Nederlandse Opera. Soloists include Hebe Dijkstra, Elena Prokina and Hana Minutillo; May 7, 10

BASEL**EXHIBITION**

Antikenmuseum Basel und Sammlung Ludwig Tel: 41-61-2712202
 ● Moments of Eternity - Egyptian Art in Swiss Private Collections: display includes gold-plated statuettes and mummy masks dating from 400BC; to Jul 13

BERLIN**CONCERT**

Konzerthaus Berlin Tel: 49-30-203090
 ● Sinfonieorchester des Deutschen Mitteldeutschen Rundfunks; with conductor Fabio Luisi and tenor Sergei Lein in works by Verdi, Berio and Berlioz; May 9

EXHIBITION

Haus der Kulturen der Welt Tel: 49-30-397870
 ● Die anderen Modernen, Die Kunst Asiens, Afrikas und Latein-Amerikas am Ende des 20.Jahrhunderts: display of works by 30 contemporary artists from Africa, Asia and Latin America; from May 8 to Jul 27

OPERA

Deutsche Oper Tel: 49-30-3438401
 ● Herzog Blaubarts Burg: by Bartók. Conducted by Jiri Kout, performed by Deutsche Oper and the Wiener Staatsoper. Soloists include Richard Cowan, Doris Soffel, Ivan Sandi and Karan Armstrong. The programme also includes a performance of Erwartung by Schoenberg; May 6
 Staatsoper Unter den Linden Tel: 49-30-20354438
 ● Der Freischütz: by Weber. Conducted by Zubin Mehta, performed by the Staatsoper Unter den Linden. Soloists include Roman Trekel, Carola Höhn and Dorothea Röschmann; May 8

BONN**EXHIBITION**

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200
 ● Deutsche Fotografie: display of 300 works by 150 German photographers from the 19th and 20th centuries, covering different aspects of the medium including architecture, art, fashion, design, advertising and journalism; from May 8 to Aug 24

BRISBANE**EXHIBITION**

Queensland Art Gallery Tel: 61-7-3840-7333
 ● Paris in the Late 19th Century: exhibition examining Parisian cultural, social and political life in the 1890s. On display are 250 paintings, sculptures, prints, posters, photographs, decorative arts and jewellery by some of the leading names in art during that influential decade, including Monet, Renoir, Gauguin, Cézanne, Toulouse-Lautrec and Pissarro; to May 18

BRUSSELS**CONCERT**

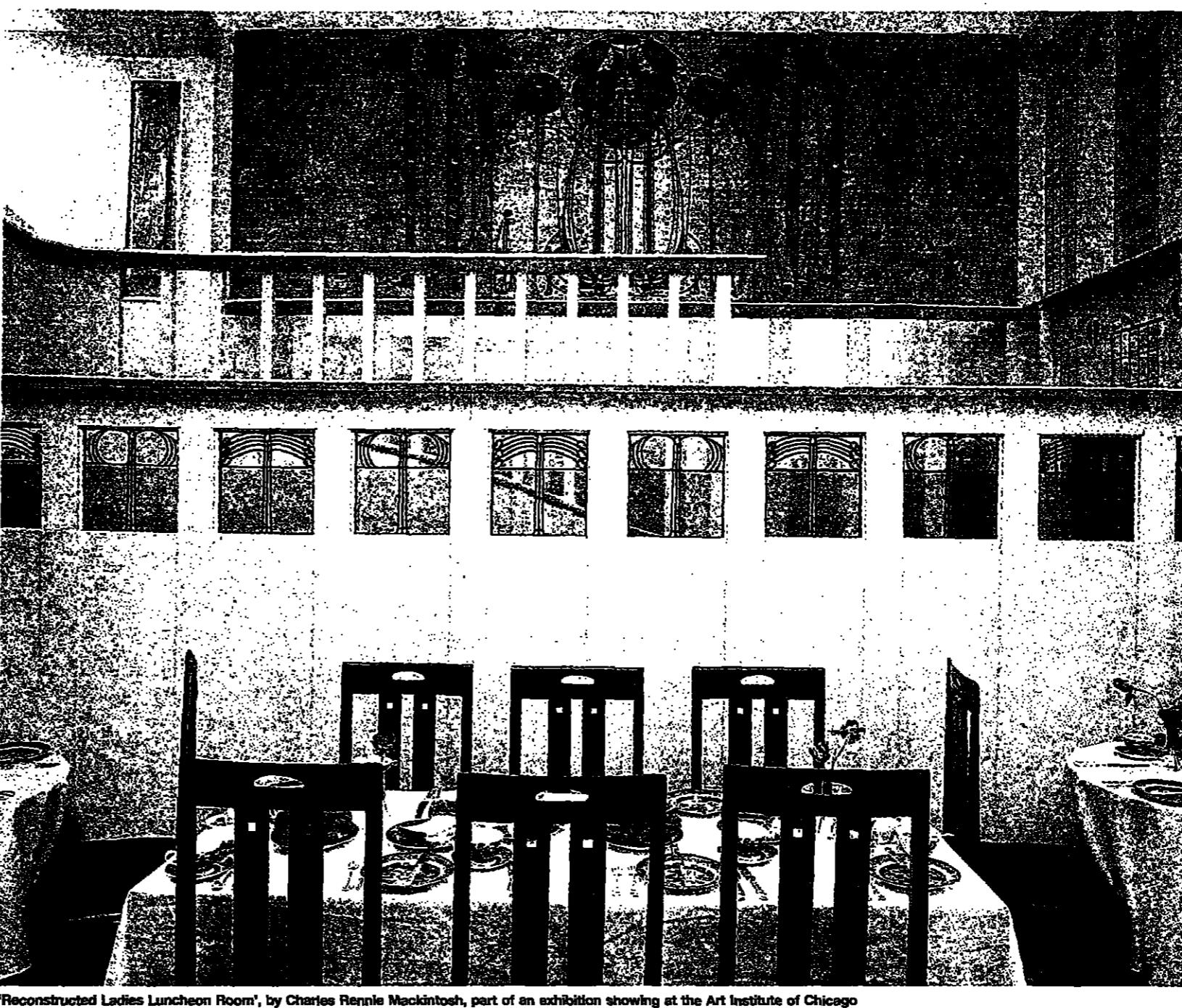
Palais des Beaux-Arts Tel: 32-2-5078200
 ● Jos van Dam: performance by the baritone, accompanied by the pianist Maciej Pukalski. The programme includes works by Brahms, Wolf, Duparc, Ibert and Poulenc; May 7

EXHIBITION

Musées royaux des Beaux-Arts de Belgique - Musée d'Art Ancien Tel: 32-2-5083211
 ● Paul Delvaux: thematically organised retrospective devoted to the work of the Belgian artist featuring approximately 120 paintings and 130 works on paper from international collections. Also on display are a number of letters, photographs, souvenirs and other documents, including 21 sketch books; to Jul 27

CANNES**FESTIVAL**

Palais des Festival et des Congrès Tel: 33-9339 0101
 ● Festival International Du Film: presiding over the judges for this year's 50th festival will be French actress Isabelle Adjani. Highlights include Robert Bresson's *The Fifth Element* as the opening film and new works by Wim Wenders, Michael Winterbottom and Clint Eastwood; from May 7 to May 18

CHICAGO**ART & ANTIQUE FAIR**

'Reconstructed Ladies Luncheon Room', by Charles Rennie Mackintosh, part of an exhibition showing at the Art Institute of Chicago

Navy Pier Skyline Stage Tel: 1-312-6631828

● Art Chicago 1997: America's largest art fair features exhibitors from over 20 countries, representing 2000 artists, ranging from young, emerging talent to established masters; from May 10 to May 14

EXHIBITION

Art Institute of Chicago Tel: 1-312-4433600

● Charles Rennie Mackintosh: billed as the most comprehensive show of Mackintosh's work ever mounted, this exhibition features over 200 objects, including architectural drawings, room settings, furniture, decorative arts, models, watercolours and reconstructions of interiors; to Jun 22

COPENHAGEN**OPERA**

Det Kongelige Teater - The Royal Theatre Tel: 45-33-695969
 ● Der Fliegende Holländer: by Wagner. Conducted by Dietrich Bärner, performed by the Royal Danish Opera. Soloists include Bent Norup, Stig F. Andersen and Michael Kristensen; May 8

DETROIT**EXHIBITION**

The Detroit Institute of Arts Tel: 1-313-8337983

● Images in Ivory: Precious Objects of the Gothic Age: exhibition featuring approximately 100 surviving examples of ivory carving. Offering a rare view of private life during the Gothic period, the display includes statuettes, mirrors, combs and boxes decorated with romantic and religious themes; to May 11

FRANKFURT**CONCERT**

Alte Oper Tel: 49-69-1340400
 ● Radio-Sinfonie-Orchester Frankfurt with conductor Marcello Viotti and trumpet players Wolfgang Bauer, Reinhold Friedrich, Markus Mester and Markus Stockhausen in works by Rossini, Lewis, Petraschi and Bizet; May 8, 9

STÄDTE

Städtisches Kunstinstitut Tel: 49-69-605098-115

● Pablo Picasso - Suite Vollard: display selected from Picasso's Suite Vollard, a series of 100 works produced in the early 1930s; from May 7 to Jul 27

HAMBURG**CONCERT**

Musikhalle Hamburg Tel: 49-40-346920

● NDR-Sinfonieorchester: with conductor Herbert Blomstedt and the NDR-Chor in works by Brahms and Dvorák; May 4, 5, 6

HELSINKI**EXHIBITION**

Amos Anderson Art Museum Tel: 358-9-640221

● Börje Söderholm: photographic exhibition featuring Söderholm's portraits of women from the 1950s to the 1970s. The photographer specialises in fashion work, experimenting with double exposures and montage; to May 11

LEIPZIG**CONCERT**

Gewandhaus zu Leipzig Tel: 49-341-12700

● Gewandhausorchester: with conductor Kurt Masur and pianist Elisabeth Leonskaja in works by Tchaikovsky; May 10

● OPERA Oper Leipzig Tel: 49-341-1261261
 ● La Traviata: by Verdi. Conducted by Jiri Kout. Soloists include Yi Ping Li, Annelot Damman and Santiago Calderon; May 10

LONDON**CONCERT**

Royal Festival Hall Tel: 44-171-6604242

● David Helfgott: the pianist performs works by Mendelssohn, Chopin, Liszt and Beethoven; May 5
 Wigmore Hall Tel: 44-171-9352141
 ● Edith Mathis: performance by the soprano, accompanied by the pianist Graham Johnson. The programme includes works by Mendelssohn, Brahms and Schubert; May 9

EXHIBITIONBritish Museum Tel: 44-171-6361555
 ● Ancient Faces: Mummy Portraits from Roman Egypt: exhibition displaying nearly 200 mummy portraits on wooden panels, linen shrouds and coffin lids made between the 1st and 3rd centuries AD; to Jul 20

National Portrait Gallery Tel: 44-171-3060055

● August Sander: major retrospective exhibition of the work of the German photographer. In a series of uncompromisingly direct photographs Sander recorded rural and urban society in Germany both before and after the first world war. The selection of 200 photographs on display, drawn from Sander's own collection, includes a high proportion of previously unseen images; to Jun 8
 Tate Gallery Tel: 44-171-8878000

● Hogarth the Painter: display celebrating the birth in 1697 of William Hogarth, highlighting his achievements as the leading painter of his age. The Tate's collection of work by the artist is shown in its entirety, alongside loaned works from public and private collections; to Jun 8

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OPER

Royal Opera House - Covent Garden Tel: 44-171-2292324

● L'Elixir d'Amore: by Donizetti. Conducted by Evelino Pidò. Soloists include Angela Gheorghiu, Deborah York and José Bros; May 6, 9

THEATRE

The Old Vic Tel: 44-171-9287616

● The Seagull: by Chekhov. Directed by Peter Hall. The cast includes Kylie Minogue and Michael Pennington; May 9

LOS ANGELES

OPERA

Dorothy Chandler Pavilion Tel: 1-213-9728001

● Il Ritorno d'Ulisse in Patria: by Monteverdi. Conducted by Gian Wilson, performed by the Nederlandse Opera, L.A. Opera and Musica Angelica. Soloists include Frederica von Stade and Thomas Allen; May 6

LUXEMBOURG

EXHIBITION

Musée National d'Histoire et d'Art Tel: 352-4793301

● Cecil Beaton. Portraits d'un esthète de Marlene Dietrich à Mick Jagger: display of 160 original prints by the portrait photographer; to May 11

LYON

OPERA

Opéra National de Lyon Tel: 33-4-7204500

● La Bohème: by Puccini. Conducted by David Robertson, performed by the Orchestre, Chœur and Maîtrise de l'Opéra. Soloists include Barbara Hendricks, Stephen Guggenheim, Anne-Marguerite Warster and

Christophe Lacassagne; May 10

MADRID

CONCERT

Auditorio Nacional de Música Tel: 34-3-3370100

● Coro Universitario de Baleares: with conductor Trevor Pinnock, soprano Nancy Argenta and tenor Rufus Müller in works by Mozart and Bach; May 9

MILAN

AUCTION

Tchaikovsky Conservatoire Tel: 7-095-2297589

● Russian National Orchestra: with conductor Mihail Pletnev in works by Beethoven; May 7, 8

MOSCOW

CONCERT

Tchaikovsky Conservatoire Tel: 7-095-2297589

● Russian National Orchestra: with conductor Mihail Pletnev in works by Beethoven; May 7, 8

MUNICH

EXHIBITION

Haus der Kunst Tel: 49-89-211270

● Frantisek Kupka and Otto Gutfreund: display of more than 200 works by the abstract artists from the 1920s and 30s, both inspired by musical rhythms; from May 8 to Jul 20

Neue Pinakothek Tel: 49-89-23805-195

● Manet bis Van Gogh: Hugo von Tschudi und der Kampf um die Moderne: exhibition saluting the leading role of von Tschudi in introducing French Impressionist art to Germany. Artists on display include Manet, Rodin, van Gogh, Matisse, Renoir, Gauguin and Monet; to May 11

NEW YORK

CONCERT

Avery Fisher Hall Tel: 1-212-875-5030

● New York Philharmonic: with conductor Franz Welser-Möst, cellist Yo-Yo Ma and tenor Brian Asawa in works by Kancheli, Tchaikovsky and Sibelius; May 8, 9, 10

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Weekend Investor

Wall Street

Right back to rational fundamentals

John Authers finds the Dow more prone to swings and lurches than UK voters

Here is a far-fetched proposition: Wall Street's behaviour over the last two months has been wholly rational, and can be explained by reference to the fundamentals.

At first sight, this seems absurd. The Dow Jones Industrial Average has of late been more prone to swings and lurches than the UK electorate. On March 11, it set a new all-time high of 7085.16. This was already a gain of 9.87 per cent for the year, putting it on course to grow by about 50 per cent for the year.

Then came the fall. By April 11 it had thudded as far down as 6391.69, after a particularly calamitous daily fall of 148.36. By now it was below its level of the beginning of January.

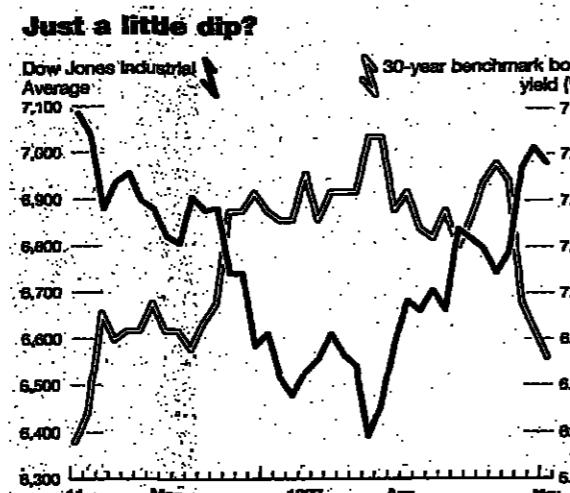
At last, it seemed, the great bull market of the 1990s was at an end. The Dow was 9.8 per cent below its high, and at one point during the next trading day it was 10 per cent off its peak, the level officially required for the fall in prices to be labelled a "correction".

Since that nadir three short weeks ago, the Dow has gained 9.8 per cent, reaching a peak of 7089.98 on Wednesday this week, and hovering around the 7000 level since then. All this has been achieved with exceptional volatility, the market swinging by 100 points in a day eight times.

Plainly technical factors increased the volatility. But it is surprisingly easy to construct a defence for the market's behaviour. It starts with monetary policy. The market reacted sensibly to the Fed's 25 basis-point increase in interest rates in March - an event which, other things being equal, should lower share prices.

Alan Greenspan had telegraphed his intentions, but it was only in the last two weeks before he acted that a rise in rates was factored into prices. Prices continued to fall as dealers wrote a further 25 basis-point rise into prices.

Next, the bond market. Bonds had been looking cheap, and signalling a shift out of equities, since December. On March 27, as the tumble in stock prices gathered momentum, the yield on the 30-year Treasury



bond passed the 7 per cent level, offering a very tempting alternative to equities.

That yield came back through the 7 per cent barrier earlier this week. This was not surprising, as they were plainly a tempting buying opportunity. According to Ben Hock, director of equity research at John Hancock in Boston: "If inflation is close to 3 per cent and the bond is offering 7 per cent, that's a 4 per cent real return. That's extremely good."

With bond yields coming down, pressure was removed from equities. Bonds were helped by politics. Both bonds and equities were already assuming some very good political news, from Wall Street's point of view.

Both markets rallied in November, after the elections left them with the ideal combination of a president who would not cut taxes, balanced by a Congress which would not increase the budget.

Hopes of bi-partisan progress receded earlier this year. But in the last two weeks there was increasing speculation that a budget deal could be hammered out, reaching near-certainty by Thursday this week.

Most important, however, are corporate earnings. The US system of quarterly reporting means that traders can act on much more current information than their counterparts in the UK. The results for the first quarter started to cross analysts' desks in the second week of April, which far from coinci-

dently was when stock prices began their rally.

Not only were first-quarter corporate profits strong by any yardstick, up about 13 per cent from the first quarter of 1996 across the S&P 500. They are also, crucially, ahead of expectations. Surveys suggest that almost 60 per cent of companies reported results better than analysts had predicted. Stock prices rose on the new information.

A footnote to this display of market rationality is that concentration on the Dow, a limited measure covering only 30 stocks, gives a distorted view of the swings of the last two months.

A wider look at the market shows that the recovery has covered a very narrow range of stocks. For example, the Nasdaq composite, weighted towards small companies and technology stocks, remains 7.5 per cent below its high, although it has shared in the recovery.

Latest research from Gail Dudack, chief strategist at UBS Securities makes the point clearly, saying the rebound "has shown concern on the part of investors as they shift from smaller cap (riskier) equities to larger cap (safer) stocks". She adds: "Even among the large capitalisation stocks, only a select few are carrying the indices higher."

Dow Jones Ind Average

| Monday | 6783.02 + 44.15 |
|-----------|------------------|
| Tuesday | 6882.03 + 179.01 |
| Wednesday | 7008.01 + 46.96 |
| Thursday | 6976.48 - 32.51 |
| Friday | |

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London

Now for Tony's first true test

And that, says Philip Coggan, is interest rates

Elections are all very well but, sometimes, it becomes very clear that the market's real interest lies elsewhere. There were some modest moves in UK financial markets yesterday as investors contemplated the end of 18 years of Conservative rule. But what got shares really moving was the latest economic data from the US, with the non-farm payroll statistics calming fears of an imminent rise in interest rates.

The FTSE 100 index jumped to a 20-point gain within minutes of the announcement, and managed an all-time intra-day high of 4,468.4. But that should not necessarily be taken as a ringing endorsement of Tony Blair.

During Thursday night, there was some sign that the size of Labour's majority could alarm the market on the ground that its sheer

scale might make the Blair government act in a more radical manner. Utilities also came in for some selling pressure, with investors worried that Labour might try to extract more from the windfall tax than previously indicated - perhaps £7bn, rather than £3bn-£5bn.

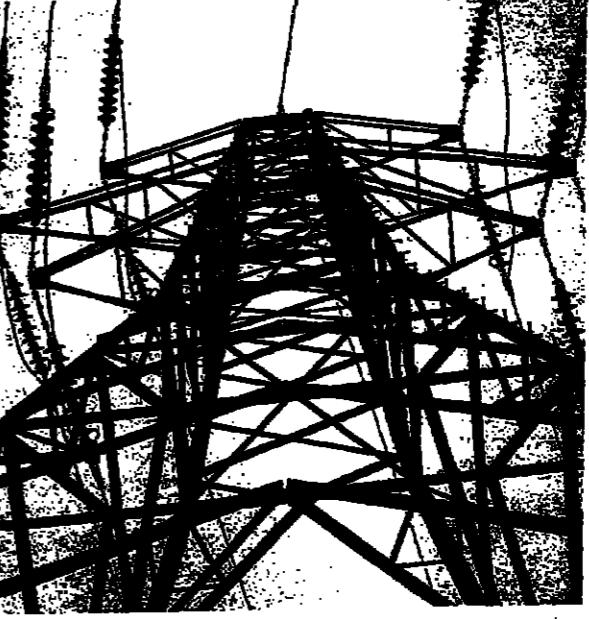
As trading got under way in the morning, however, a calmer view emerged. Since a Labour victory had been expected widely, the result, if not the scale, cannot have surprised investors. The Labour leadership seems to have done a good job in reassuring the City that the party's policies on macro-economic issues, particularly inflation, would be similar to those of the Tories.

The first test will come with the next monthly policy meeting between the new chancellor and Eddie George, governor of the Bank of England, scheduled on Wednesday. Labour has indicated that it is not keen

to continue the "Ken and Eddie show" - as it became known when outgoing chancellor Kenneth Clarke was a participant - and would like to change the system. But since it is unlikely to overhaul the arrangements so quickly, it faces the dilemma of whether to follow the governor's likely advice and raise rates.

There are strong arguments in favour. Labour will want to establish its anti-inflationary credentials with the markets right away. The more quickly it acts, the less rates may have to rise in the long run.

In terms of the electorate, it makes sense to get the bad news out of the way early. A quarter-point rise, or even a half-point, would appear decisive. On the other hand, Labour might feel that because the strength of the pound is hurting industry, a rate rise would add to the burden on the corporate sector and reinforce sterling's



Shock tactics utilities could come under pressure *Ashley Alderwood*

strength. Many economists feel the right policy mix would be to increase taxes, which would affect consumers directly and keep interest rates unchanged. But Labour is restricted in this area by its campaign promises although its large majority may give it more freedom of action.

When Labour's mini-Budget is unveiled, probably late next month or mid-July, the windfall tax will be a centrepiece. Shares in utilities obviously have fallen in advance of the election, but the scale of the tax and the identities of the companies affected may yet cause some surprises.

Then, too, longer term issues could emerge gradually.

The minimum wage is not expected to be enacted for a couple of years or so. And the much-discussed EU social chapter with its two provisions - paternity leave and works councils - is unlikely to have a big impact on profits.

Philip Isherwood, UK strategist at Dresdner Kleinwort Benson, says the market might yet come to focus on corporate tax reform.

"Labour will be looking to do something more imaginative than robbing Peter to pay Paul. It wants to promote investment, and that might mean that tax credit on dividends will be phased out and measures introduced to neutralise the tax treatment of equity and debt."

(Debt interest is tax-deductible under the present system.)

Abolishing tax credit on dividends would cause a

cash flow problem for investors such as pension funds, he says.

It would also make shares at the margin less attractive, especially as minimum solvency requirements under the Pensions Act may be pushing investors towards holding a greater proportion of gilts. Fund managers will increasingly have to justify why they hold shares instead of bonds," Isherwood believes.

The market obviously will take its time to assess the Labour government and, until the mini-Budget, the vicissitudes of Wall Street probably will continue to be the most important influence on share prices. After all, the ability of the international capital markets to affect an economy probably is stronger than that of any government, as shown with Britain's humiliating exit from the exchange rate mechanism in 1992.

Incidentally, investors may wonder if the laws of supply and demand, which rule the capital markets, will now apply to politics. There was a record number of candidates for parliament this time, but the lowest turn-out since the second world war.

In short, supply overwhelmed demand and the price ought to fall. So, if market economics really is functioning, there should be no talk of a rise in MPs' pay for a while; perhaps, indeed, it should be cut. Somehow, though, that is one free market doctrine that new Labour might well ignore.

■ Highlights of the week

| | Price y'day | Change on week | 52 week High | 52 week Low | |
|--------------------|----------------|-------------------|-----------------|----------------|-------------------------------------|
| FTSE 100 Index | 4455.8 | +85.9 | 4455.8 | 3612.6 | Decisive election outcome |
| APV | 94 | +29 | 96½ | 59 | Two bid approaches |
| BICC | 217½ | -35% | 336½ | 217½ | Profits warning |
| Boosey & Hawkes | 670 | -72% | 905 | 478 | Awaiting state sale news |
| Brixton Estate | 190½ | +20 | 218 | 184 | Disposition hints |
| General Accident | 902½ | -61% | 906 | 614 | Demutualisation factor |
| Kingfisher | 694 | -27% | 706 | 540 | Firm retailers |
| Legal & General | 429 | -36% | 438½ | 264½ | Norwich Union float buying |
| Reuters | 679 | +56 | 807 | 573½ | New York presentation |
| Slough Estates | 316½ | +27% | 318½ | 218 | Properties in vogue |
| SmithKline Beecham | 995½ | +55 | 1009 | 645½ | US buying |
| TI Group | 544½ | +18 | 594½ | 436 | Creda Lyonnais Laing recommendation |
| Vickers | 216 | +9 | 300½ | 199½ | Bounce from oversold |
| Wickes | 179 | +20 | 792½ | 132½ | Improved like-for-like sales |

Barry Riley

The Blair necessities

Labour must get a quick grip on the economy



Do turkeys vote for Christmas, after all? The London stock market has rallied strongly in the few weeks ahead of an inevitable Labour triumph. True, Wall Street has moved up much more vigorously (by 8 per cent in three weeks) so perhaps British investors fear damage nevertheless.

It will take mental somersaults to adjust to Britain under Labour rule. It is more than 50 years since the party gained power with a comparable majority. Then, the government restructured industry, the welfare system and much more besides. This time, it will reform only the constitution. Or could there be more?

The big picture is that, under the Conservatives, the UK moved towards the American model of business and the economy. That explains many of the problems that the Tories had in dealing with Europe. Under Labour, there will be a more natural drift back towards the continental pattern.

True, the continental economies do not present an attractive model at present. They are under pressure to adopt a more competitive Anglo-American approach. Their labour markets are set up as unemployment reaches 13 per cent in France, for example. The continentals must adapt. Still, Labour has promised to sign up for the social chapter and to introduce a minimum wage. Change is coming.

In the stock market, the high

returns seen during the Tory era are threatened. Over 10 years, UK equities have delivered annual total returns of 14 per cent on average, much higher than the 8.5 per cent on overseas equities. UK dividends have risen by more than 8 per cent a year over this period. But Labour does not believe in generous distributions: it thinks (without much evidence) that, if more profits were retained and invested, the nation's growth

chancellor, Hugh Dalton, took charge in 1945 with a parliamentary majority of 146.

The markets hope that Labour will be better at macro-economics than the Tories. The latter focused on micro-economics: they deregulated and privatised and made the economy much more competitive. Their macro-economic achievements, however, were seriously

compromised by a fixation with keeping income taxes low and avoiding European commitments. As a result, the national debt has doubled within five years and the country (in spite of the broken tax promises which were largely responsible for the Tory disaster) is still undervalued; moreover, interest rates (short term and long term) are higher than in almost any other advanced economy.

Labour's micro-economic policies look suspect but, at the macro level, its big Commons majority gives the Blair government a chance to get a grip. A tough early Budget can be blamed on the Conservatives for manipulating the "books". Certainly, outgoing chancellor Kenneth Clarke has bequeathed a big budget deficit and some fanciful spending projections: not quite a scorched earth policy, perhaps, but the grass is looking singed.

At any rate, increasing taxes is just now, a better way of controlling the economy than raising interest rates: what a pity that such choices cannot be debated rationally during an election campaign. The risk is that shareholders, especially pension funds, will bear the burden, whereas it is consumer spending that needs to be damped down.

As for the single European currency, there is no practical entry option for the foreseeable future while the UK economy remains radically out of phase with the continental cycle. Perhaps EMU is threatened, anyway, by the election in France. But, whatever happens, we need a strategy for sterling that avoids damaging gyrations in the exchange rate. Conservatives ended up paying a stiff interest rate risk premium and sacrificing the export sector.

But just imagine a British economy that has short term rates of 4 per cent and government bond yields of 6 per cent. This was the prize that the Tories threw away in the late 1980s and again in the mid-1990s. Of course, UK savers would be highly uncomfortable in such a climate. But then, Dalton got the consols yield down to 2.5 per cent. On the other hand, it reached 17 per cent under Denis Healey. With new chancellor Gordon Brown, no doubt, it will be somewhere in between.

We can only speculate about the policies of the Blair government. But, while the turkeys dither, some chickens are coming home to roost.

Offshore managed funds and UK managed funds are listed in Section One

CREDIT RATINGS in emerging markets

This directory lists for the first time in a single source over 7,000 credit ratings assigned by 34 rating agencies - nine international and 25 local - to emerging market fixed-income securities in:

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A directory of the agencies, their rating scales and criteria is also included in each edition.

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FT WEEKEND

True Fiction

My short-cut to being numero uno

Peter Whitehead's dream of writing a Eurovision song contest winner could come true tonight

There has been a spring in my step these past weeks. My mind has been tripping with bright and breezy tunes and I have turned heads more than once by singing - out loud - on trains and in the street.

It's because I sense that something sensational is about to happen. And it's all down to the Eurovision Song Contest.

Since boyhood I have yearned to be part of this annual songfest in which one of a clutch of jingles is voted, seemingly at random, without rhyme or reason, to be a winner.

With the chosen song being awarded celebrity status out of all proportion to its quality I have always seen this as my short-cut to pop superstardom.

To this end, I have spent 31 years writing surefire Eurovision winners, with lots of "la-la-las" and "boom-bang-bangs". Some of my best were joint efforts with Ant, my old school mate. But Britain's entries during the 1970s were all sung by

big-name artists - Cliff Richard, The Shadows, The New Seekers, Co-Co - and we never had a look-in.

In 1985, the year in which the Norwegian girl duo, Bobby-sox, won with "Let It Swing" (my all-time Eurovision favourite), I went solo and wrote "Good People Can Make A World Of Love". I again filled in the application form, sent off my tape (a friend accompanied my singing with a five-string guitar). But still I heard nothing.

By 1989, I had been working at the FT for a couple of years and this gave a more business-like edge to my contribution in an era of Big Bangs and roaring house price inflation. I thought I

would score heavily for topicality. I found "Financial Times" rhymed sweetly with "white-collar crimes"; "Wall Street" with "making ends meet"; and "make a buck" with "why a duck" and "beginner's luck". But no luck for me.

The British entry that year was "Why Do I Always Get It Wrong?", sung by Live Report.

In 1993, I failed to come up with anything at all. But rather than miss out, I proposed a duet with the highly fanciable Sonia, who sang Britain's entry that year - "Better The Devil You Know".

I may have been over-passionate in making my case to be allowed to sing with Sonia as I

was visited by the police. A magistrates' court then told me I was not allowed within 800 yards of her for the next three years. Chances would have been a fine thing.

This spring I used my honorary life membership (promised, but as yet undelivered) of the Hemmeds Golf Club to stake a claim to represent Norway. I consider myself a serious songwriter (promising, but as yet unpublished) and I had heard the contest is taken terribly seriously in Scandinavia. My rejection letter included the words "flippant" and "singalong".

I have to say I was surprised, for I felt my lyrics had a tastefully Norwegian gravitas and strait-lacedness about them. Verse two rattled along like this:

"We eat our lunch and we don't do drugs
And we'll never give sniffers."

"We go to church and we all love God
And we think Cliff Richard is triffers."

It might have lost some of its fluidity in translation but I was disappointed nonetheless.

Not for long, though, as it turned out. My application form was passed around Europe - it meant I was snubbed by Bosnia, cold-shouldered by Iceland, eschewed by Estonia. But when the form landed in Dublin, there

were sparks of interest.

Ireland

has been careless enough to win the song contest four times in the past five years and, as the winner plays host the following year, its Eurovision budget is running out of venues, points, pints and enthusiasm.

"Danny Boy".

At last I had had a Eurovision part to play - the honing and polishing of all of Dublin's main rivals, adding a few of the finest ingredients from Ireland's secret winning formula. The Irish are determined someone else will suffer next year and there is no trusting to luck.

So this should be the best song contest in history. Those all-conquering songbirds, the Irish have, through me, partly planned almost every song.

So, if any country other than Ireland wins at Dublin's Point Theatre tonight, I will count it as a huge personal triumph. It will have been a job well done - with me, at numero uno.

Metropolis

A road map of Indian politics

When the resurfacing of boulevards begins in Delhi a VIP crisis is not far behind, finds Mark Nicholson

The traffic along south Delhi's wide and leafy avenues has settled back to normal this past week, or so - a little morning and tea-time bunching as India's civil service beeps and jostles to and from work. But only the occasional traffic jam.

Jams in south Delhi mean only one thing: a "VIP movement". Armed police appear at every manicured roundabout, men with walkie-talkies run around waving their arms, and all traffic halts to allow an Indian dignitary unimpeded passage.

Eventually the VIP sails past in a convoy of plump, cream Ambassador cars with flashing red lights, surrounded by Maruti Gypsies full of uniformed men also waving their arms about.

So it's back to normal for now. But, mysteriously, several weeks ago, the men from Delhi municipal council began resurfacing some of these broad boulevards, already the capital's best and thus the most splendid driving surfaces in all India.

Cynics thought it another example of India's elite pampering itself, paving the roads which link the gladed Lutyens bungalows of India's top politicians while the rest of motoring India bungs along breaking its axles.

But no. Delhi, it appeared, was delving deep into centuries of political instinct honed under generations of Turkish and Afghan marauders, Moguls and pith-helmeted Britons. Delhi sniffed a political crisis: that south Delhi's sun-dappled avenues were about to be plied more furiously than ever by fleets of VIP-heavy Ambassadors, their protective Gypsies and, in pursuit, harried convoys of taxis, rickshaws and mini-vans carrying India's finest "scribes" and "lensmen", plus a few baffled foreign hacks.

If Delhi couldn't directly offer India's government a smooth ride, the 3,000-year-old city apparently decided it would at least provide its politicians with one.

And so, barely days after the tar had set, Sitaram Keshri, the octogenarian leader of the 111-year-old United Congress party, decided to pull the plug on the 10-month-old United Front coalition government, to the surprise of everyone, including most of his own party. A political crisis. And in Delhi there is only one way to report on that jump in the car and take to the boulevards.

A political crisis in Delhi means interminable talks. And that means dozens of trips by politicians to each other's bungalows. With the recent emergence of powerful regional politicians,



The whirl of a crisis: the sight of a fleet of Ambassadors and commandos in Delhi means political intrigue and a cat-and-mouse chase around the bungalows for journalists

it now means additional trips to Delhi's state guest-houses, battle sites of these new barons, which also sit amid south Delhi's neem and eucalyptus trees.

Altogether, it amounts to a lot of driving around, particularly given that the United Front comprises 13 separate political parties and that Congress was split into camps, each with its own bungalow headquarters.

With the politicians busy driving around meeting each other, the car becomes a reporter's primary tool. The best political intelligence is gained by stalking the boulevards in search of a big clutch of Ambassadors parked outside someone's residence or a state bungalow.

Calculating what is happening

grows easier with practice. Outside the United Front headquarters, beneath the neem trees at 7 Akbar Road, the presence of 50 Ambassadors and a white Mercedes ambulance would mean HD Deve Gowda was there - the former prime minister still using the trappings of power. It would indicate a full steering committee meeting in progress, and intermittent waiting for the journalist.

If there is no ambulance, just 20 Ambassadors, and only eight elite "black cat" commandos nursing machine-guns, rather than 12 or 16, it would be just a "core group" meeting of the Front. No decisions, no point waiting. More than 100 Congress party MPs in the garden of the canny Sharad Pawar's bungalow

would spell an incipient Congress rebellion: sharp up the garden wall, ears pricked.

Such reporting also requires being conversant with the A-to-Z of Indian VIP security, especially for passing cars with tinted windows. For example, a pilot car, two escort vehicles and six "black cats" is "Z-plus", meaning a state chief minister, or maybe just a redoubtable old Congress grande dame behind the Ambassador's pleated backseat curtains. A couple of khaki-clad policemen with carbines merely "Z", probably just a minister.

It's all a draining endeavour. Happily though, there are long periods of down time, during the recent crisis, were mostly passed on the back lawns of the

Front's white, colonnaded bungalow, waiting for the steering committee to decide something. Time to watch the parakeets, or a fair plume of circling vultures.

Late into many a sun-drenched April afternoon and as many dusky nights, loled India's top reporters on white plastic garden chairs. They sipped Pepsi ferried by streams of "bearers", swapped rumours and reminisced about the old days, when the great rural leaders would invite you into their bungalow for a slap-up tea, and afterwards take you to the lawn at the back to show off the pride of their pet cows.

The meeting would then break, to the sound of 100 flicking cellphones and the crunch of broken plant pots beneath the swarm of sharp-elbowled TV crews, like hails to a magnet around anyone in a pristine white cotton khadi, hallmark garb of Indian politicians since Mahatma Gandhi. Poor Pawar was left contemplating the shattered terracotta remnants of a once delightful pot plant garden on one occasion, and all for nothing. No Congress rebellion.

And so it went for three weeks, until the United Front managed to reconstitute itself under the urbane IK Gujral and it was back to our offices. Much of the thanks goes to Chandrababu Naidu, the Front's convenor and the man it delegated to burrow for a consensus within the disparate party over its new leader. He is the only politician in Delhi with a

sharp-elbowled TV crews, like hails to a magnet around anyone in a pristine white cotton khadi, hallmark garb of Indian politicians since Mahatma Gandhi.

Naidu spent days shuttling between Delhi's bungalows and bungalows, talking to everyone in sight. Whether the Front chose him because he had the fastest car is unclear. But if he, too, drove around in a lumbering Ambassador, we would all probably still be there, watching fledgling parakeets learn to fly in the garden of 7 Akbar Road.

No one knows how long the new government will last. One good omen: Delhi council last week impounded all its smoke-sputtering asphalt machines on environmental grounds. But I, for one, will be calling the newsdesk at the first scent of fresh tar.

Photo: Pictures

Front's white, colonnaded bungalow, sharp up the garden wall, ears pricked.

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